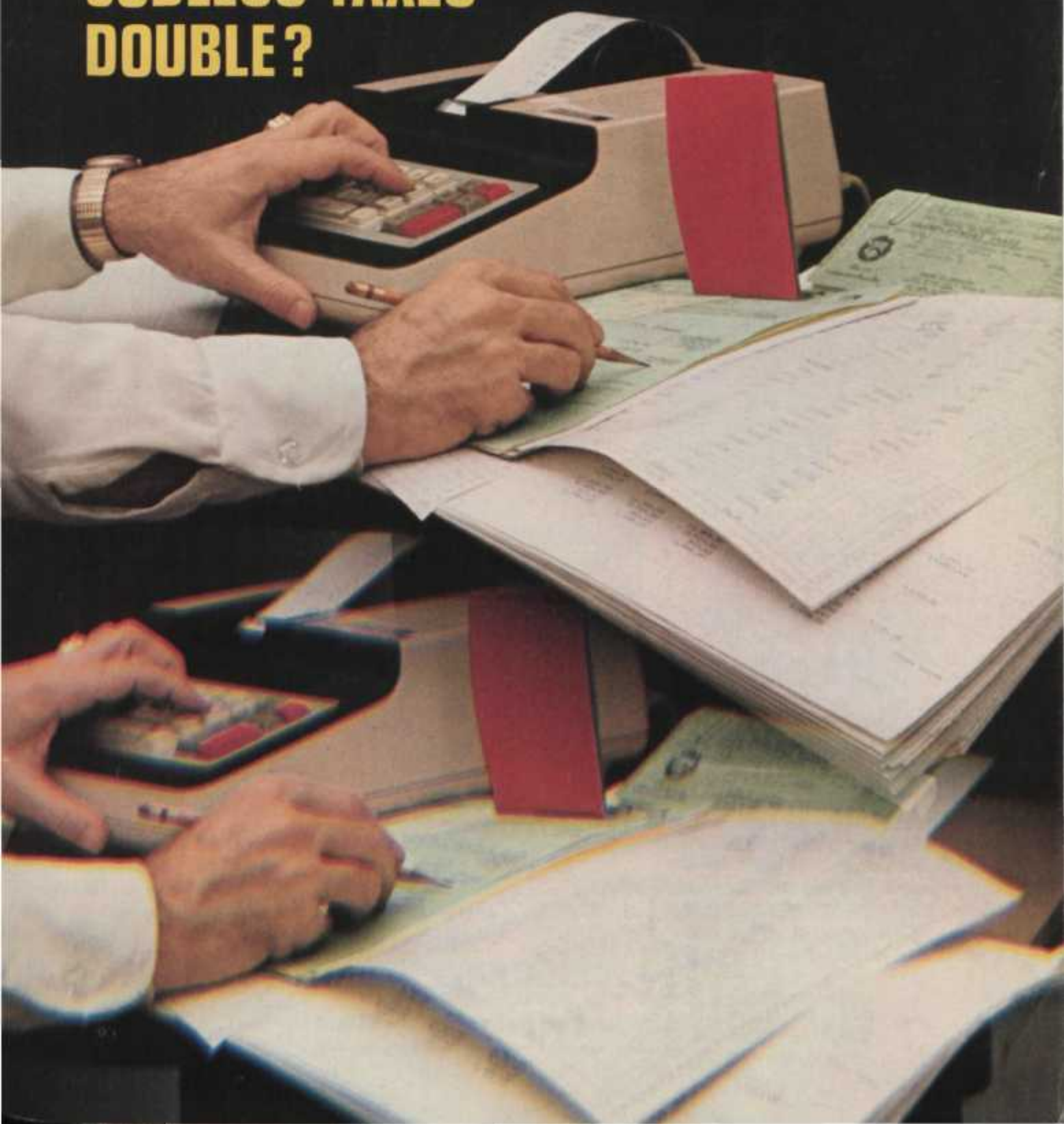


A USEFUL LOOK AHEAD FROM WASHINGTON

MAY 1975

# Nation's Business

**WILL YOUR  
JOBLESS TAXES  
DOUBLE?**



*Take a  
hard look at  
Caterpillar  
quality*



## Compare accessibility. It keeps your lift trucks on the job.

Here's an eye-opening number of openings designed to simplify electric lift truck maintenance and give you more production power.

Towmotor and Caterpillar engineering makes sure controls, motors and linkages can be checked in minutes to keep your handling equipment in top condition... and on the job.

Look further and you'll find other maintenance-saving benefits—like permanently lubricated mast

and carriage rollers, sealed lubrication points and extra-strength steering tie rods.

The responsive Caterpillar Parts Distribution System is on your side, too. Fast parts support means less downtime.

See your Towmotor dealer for a full comparison of modern electrics with 36, 48 and 72-volt systems.

*Before you choose any lift truck, consider the combination—Towmotor experience and Caterpillar quality.*



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# Out of 762 businesses we surveyed, we concluded over half had inadequate insurance protection. What about yours?

That's why Allstate developed the Businessowners Deluxe Policy. It gives you more protection for the money than any other policy we know of for the business owner.



Employee theft . . . will your insurance cover the loss?



Building replacement . . . will your insurance replace a building destroyed by an insured peril?



Loss of income . . . if your business is closed by fire, will your insurance pay your actual loss of income?



Wrongful arrest of a customer . . . will your insurance cover a lawsuit?



Peak season coverage . . . will your additional merchandise be covered?

No other business insurance that we know of has features like this: Unlimited business income loss protection for up to twelve months (if your business is closed because of damage by a hazard covered by your policy). A limit available as high as \$1,000,000 of Broadened General Liability protection. Peak season coverage of your merchandise. And there's more.

The coverage is so broad, so inclusive, we believe it gives a business owner more protection for the money than any business policy has ever offered before.

An Allstate Agent can tell you about the Businessowners Deluxe Policy and give you a quote in less than 15 minutes. Hard to believe? We invite you to test us.

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# Nation's Business

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Cover photograph by Yoichi Okamoto

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## MEMO FROM THE EDITOR

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20062

# What's Right With America

Americans have heard enough bad news for a while. What they want now is some good news about what's right with America.

Proof of that view already has been shown by the response to the material on page 58 and 59. This advertisement from the Chamber of Commerce of the United States has appeared in *The New York Times* and other publications, and the response has been phenomenal.

This month, the ad offers you, a reader of *Nation's Business*, an opportunity to say what you think is right about our country.

Judging by the answers pouring in from the ad's earlier appearances, Americans still find their homeland the very best place to live and work, despite any faults.

If you'd like to express your feelings, here's your chance.

• • •

It would be nice if our continual search for information that is useful to you turned up more good news. But businessmen have to deal with realities, and there's a big reality just around the corner.

The chances are that your firm is going to have to pay a lot more taxes into the unemployment funds. In some cases, your business jobless compensation taxes may even double.

Not much can be done to forestall some of the increases. The tax rate is based on the payout rate, and a lot of those funds around the country are running out of cash. Also, an employer's individual tax rate is based on how many workers the company has been forced to let go.

Pending bills in Congress are something else. Among other things, they would raise the unemployment compensation wage base, tying it to a national average and would require continued payment of extra benefits to former employees.

There's fear that, because of a temporary downturn in the economy, steps will be taken that will hobble business permanently—in good times as well as bad.

You'll find the report starting on page 30 interesting.

Another unfortunate reality is the situation involving the millions of aliens who are in this country illegally. Many hold jobs that U.S. citizens could fill—a matter of particular concern at a time of high unemployment.

All of these aliens benefit from public services which your taxes support. Some are on welfare. And, as Gen. Leonard F. Chapman Jr., head of the Immigration and Naturalization Service, points out, many of those with jobs pay no taxes. Gen. Chapman was interviewed for the article beginning on page 18.

How much unemployment compensation is being paid, do you suppose, because citizens can't get jobs held by foreigners who are breaking our laws by being here?



Leonard F. Chapman Jr.



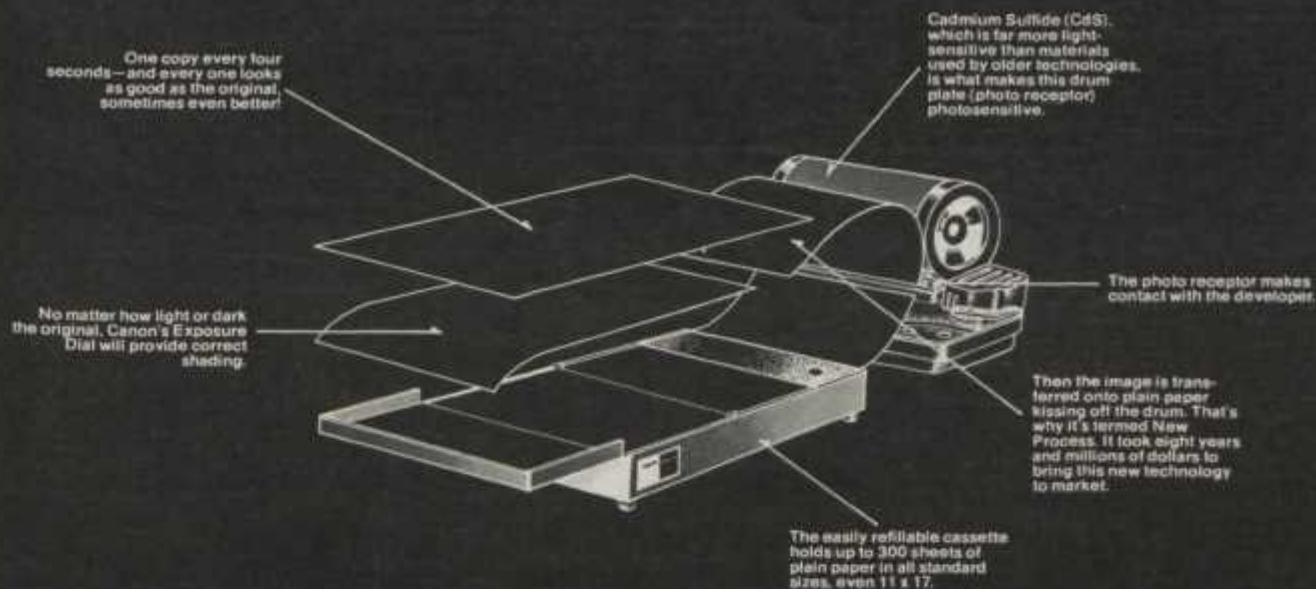
Fletcher L. Byrom

Our system of government is facing many challenges these days. A prominent executive, Fletcher L. Byrom, board chairman of the Koppers Co., Inc., has some interesting thoughts about what should be done. Mr. Byrom expressed his thoughts in a speech, which we have excerpted in the article starting on page 76.

You may or may not agree with Mr. Byrom's viewpoint, but you'll find his thinking stimulating and interesting. You may, in fact, feel urged to comment. Write us a letter. Tell us what you think. I promise that the editors of *Nation's Business* will be interested in, and stimulated by, your comments.

—KENNETH W. MEDLEY





# Canon's technology produces copy quality that can't be duplicated.

Canon's new plain paper copiers, the NP-70 and NP-L7, may look like other convenience copiers on the market. But don't let appearances deceive you.

What goes on inside them is the unique NP process developed by Canon, described in detail above.

And what results is image quality you've never seen before from plain paper copiers.

Take something as simple as a dot. You'll recognize the one on the left as the usual way plain paper copiers reproduce solid black areas—a weak grey silhouette. On the right, the Canon copy of a solid black dot: a solid black dot, crisply outlined.

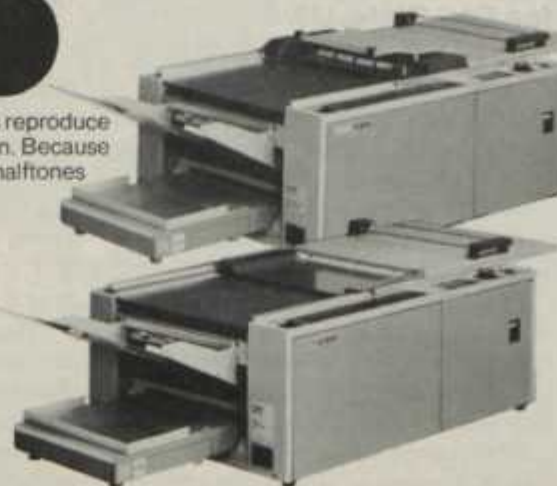


Even better, Canon copiers reproduce photographs to near perfection. Because they capture the full range of halftones with the absolute minimum of graininess and washing out.

So you can copy maps, charts, illustrations, anything finely detailed, and get results as good as the originals—sometimes even better. In fact, Canon copies are so clean and clear they actually look printed.



You can make Canon copies on paper in all standard sizes up to 11x17 ledger. So there's no wasted paper, no messy cutting and taping. These compact units fit anywhere they're needed with no special wiring. And warm up so quickly you can turn them off between uses.



Both the NP-70 and NP-L7 offer book mode copying at 15 copies per minute. The NP-L7 has the added convenience of sheet mode with higher rate of copies per minute—up to 30—perfect for offices that require faster copying time.

And both are simple to operate, activated at the touch of a button.

Why settle for an ordinary plain paper copier, when now you can get a Canon? Send us the coupon for more details.

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PLAIN PAPER COPIER  
**NP L7**  
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Copier Division  
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Lake Success, N.Y. 11040

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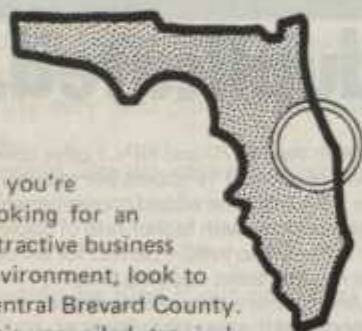
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**BREVARD  
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FLORIDA

## EXECUTIVE TRENDS

BY JOHN COSTELLO  
Associate Editor

### A look at the brighter side

Sure, first-quarter profits were dismal.

Inflation, till recently, has been horrendous.

And taxes—up 26.5 per cent for middle-class America last year—are killing you.

Well, look at the bright side.

If it escapes you, Westcott Associates, Inc., is glad to point it out. Try this cheery news on for size, says the Chicago-based executive recruiting firm:

- In late 1974, prices here were rising at the rate of 12 per cent a year. But in Taiwan, the inflation rate was 50 per cent; in Brazil, 30 per cent; in Japan, 23.

- You can still ride the Staten Island ferry for a nickel and San Francisco cable cars for two bits.

- Ma Bell still gives free information, and the airlines free meals.

- You can mail a letter 3,000 miles for a dime.

- In 1974, more Americans—91.1 million—were gainfully employed than at any time in the nation's history.

Last but not least:

One of Americans' greatest problems?

Obesity.

### Grooming your son for Old State U?

Or your daughter for Bryn Mawr?

Then, here's the good news:

If the lad's one year old, sock away \$1,860 yearly. When he's 18, you'll have his tuition in the bank.

And here's the bad:

His four years at a state college will set you back \$56,160.

For a private college, ratchet the figures up a couple of notches. When that 12-month-old girl reaches 18, her bill will come to \$98,280. That's for four years' room, board and tuition.

Both cases assume 7 per cent inflation a year—and a 5 per cent return on your savings.

Oakland Financial Group, Inc.,

compiles these cheerful figures. Here's this Charlottesville, Va., personal consulting firm's table for state college costs—and what you must save to pay them—based on your youngster's present age:

AGE	FOUR-YEAR COST	ANNUAL SAVINGS
2	\$52,480	\$1,890
4	\$45,760	\$1,970
6	\$40,000	\$2,100
8	\$34,880	\$2,290
10	\$30,560	\$2,580
12	\$26,720	\$3,050
14	\$23,360	\$3,930
16	\$20,320	\$5,990

Of course, inflation might drop to 5 per cent per annum. And perhaps you'll get 7 per cent on your dough.

Then, State U will cost only \$39,520 when your one-year-old is 18. And \$1,047 saved yearly will pay for those four years of higher education.

Or maybe you'll be real lucky.

The tad may opt for plumbing.

### What this country really needs

Nope, not a good, five-cent cigar.

But bilingual business majors who can sell U.S. products abroad.

Take an expert's word for it.

"Only about 8 per cent of American manufacturers export," says Joel D. Honigberg, president, Marshall International Trading Co., Inc., Skokie, Ill. "That means that about 280,000 U.S. manufacturers don't."

Why not?

For one thing, a shortage of home-grown foreign trade experts, says this export management firm executive.

"Right now," he adds, "there are about 200,000 export experts pushing U.S. products. We need twice as many. Last year, U.S. exports totaled \$70 billion. By 1985, it's estimated, they'll reach \$200 billion.

"And every \$140,000 worth of sales abroad opens up a job for an export manager."

With a few exceptions—notably the American Graduate School of International Management, Phoenix, Ariz.—academe isn't producing them.

"Fewer than 9,000 graduates a



# What Cash Flow Insurance gives you that regular insurance doesn't.

Cash Flow Insurance® protects your physical assets, just like regular insurance. And it also provides a unique array of optional insurance-related services and products which can help protect your cash flow position. For example: Engineers who can help you improve packaging and cargo handling so your product gets where it's going in good condition.

Experts who can help to make sure you comply with all OSHA regulations.

Rehabilitation teams who can help you get accident victims back to a productive life again.

Professional appraisers who make sure your property is insured for its full current value.

Experienced professionals who can help you find markets for distressed or damaged merchandise.

Financial specialists who can help you raise capital by certifying your inventory and receivables.

Specialists in Loss Control Services, to help prevent accidents instead of just paying after they happen.

The imaginative INA agent: the person who makes it all work; the only source of Cash Flow Insurance. He's in the yellow pages. IT PAYS TO USE IMAGINATION®

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INSURANCE COMPANY OF NORTH AMERICA • LIFE INSURANCE COMPANY OF NORTH AMERICA • PACIFIC EMPLOYERS GROUP



## Executive Trends *continued*

year," Mr. Honigberg says, "come out of business schools with international trade as a major."

"That leaves the door wide open for bilingual A.B.'s. Add business training and you've got an export expert."

His slogan: Wake up, America, there are markets out there.

And jobs.

### High-class talent for smaller firms

That's what Harvard's offering.

Of 750 students who'll leave its business school in June with M.B.A.'s, 40 don't want careers with corporate giants.

Ditto for 15 first-year students seeking summer employment.

"They're looking for jobs with small or medium-sized firms," says Alfred J. Nucifora, president, Small Business Club of the Harvard Business School.

Why the cold shoulder for biggies?

No grudges. Just seems to these students that the other route's a faster career path.

As Mr. Nucifora (one of the 40) puts it:

"All of the men and women within the group believe that a company with a smaller management group offers a greater challenge, an earlier opportunity for absorbing decision-making responsibility and more personal satisfaction."

Some also hope—eventually—for a piece of the action.

Looking for a guy, or gal, like that? Just write the club at 221 Newbury St., Boston, Mass. 02116. Or, if you're in a hurry, dial 617-247-2792.

### How they'll spend the tax windfall

Not on new autos or a trip to Spain.

Most Americans will stash it away—or pay off old bills.

That's what Californians told Bank

of America, when it asked: What will you do with your tax rebate?

Here's how they replied:

	Per cent
Put in savings account	30
Pay bills	16
Save some, spend rest	7
Add to checking account	6
Buy groceries, clothes, etc.	6
Spend on vacation	4
Buy big-ticket items—furniture, etc.	3
Improve home	3
Repair car	2

Remainder: Don't know and a half-dozen miscellaneous plans.

Congress saw the tax cuts touching off a \$30-billion spending spree. Maybe Americans have taken the pledge.

### Go East, old boy; go East

That's what Horace Greeley might say, were he alive today.

Opportunity rises where the sun does, not where it sets.

Take the word of Eastman & Baudine, Inc., an international executive search firm.

"While much of the world struggles with recession," says partner Howard S. Johnson, "the Middle East is sunning in the catbird seat."

"Countries there are awash in cash—but they need technology. That means skilled executives. Experienced professionals in engineering, construction, shipping, health care, communications, education, general manufacturing."

His Chicago-based firm is helping find them for the oil-rich sheikdoms and emirates.

What do these once desolate, desert nations want?

"Not green M.B.A.'s," Mr. Johnson stresses, "but mature, seasoned executives, generally middle-aged or over, since they must have a track record."

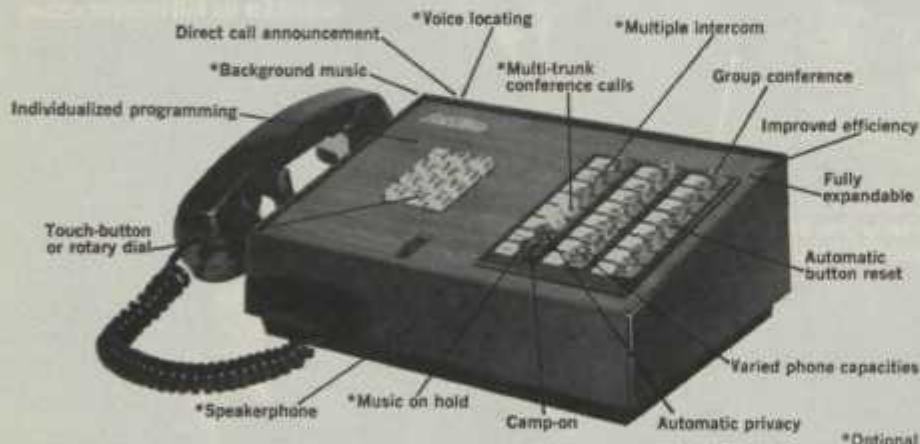
Willing to swap a burnoose for a gray-flannel suit?

The price is right, he says.

"Those willing to make the pilgrimage—generally a two-year tour of duty—may double their present salary. A select few, whose experience and skills are in very high demand, can do better."

Of course, there are drawbacks.

Arab delicacies include the eyeballs of sheep.



## THIS EXECUTONE SYSTEM HAS SOMETHING NO OTHER PHONE SYSTEM HAS. US.

For nearly 40 years, we've been installing and servicing business communications systems through our nationwide network of local offices. (We're even the country's largest supplier of hospital communications systems where reliability can be a matter of life and death.)

We've brought that record of reliability to the new Executone key telephone. And we'd like to show you how owning your own telephone interconnect system can improve business communications—and save you money—without sacrificing dependability. After all, what good's a new phone system if you can't reach the company that sold it?

- ☐ Please send free portfolio, "How To Get More From Your Telephone Interconnect System."
- ☐ Have your representative phone.

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*You couldn't pass this  
on the highway*



This giant 300,000 pound absorber tower was moved by special Santa Fe train from Kansas to the Gulf Coast.

## Count on Santa Fe when the going gets tough

This big load is an example of how customers turn to Santa Fe with a tough shipping problem.

Today there are a lot of tough problems to be solved. For example, the high costs and shortages of fuel are creating shipping problems for many companies.

Santa Fe can help here, too, because a truck uses 4 times more fuel than a train. On the other hand, if you already have trucks, we can piggy-back them. This plan not only saves fuel, but takes your freight out of highway speed zones and onto our super freights which can operate up to 80 miles per hour.

Santa Fe serves a big territory between Chicago, California and Texas; and where we don't go, we have run-thru connections with other railroads to speed shipments nationwide.

Now's the time to put Santa Fe people, equipment and facilities to work on your tough shipping problems, but remember we can handle the easy ones, too!

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*A Santa Fe Industries Company*



## A brief reminder to businessmen who in 1962 thought the Polaroid camera was just an expensive toy.



It's not always wise to be negative. New developments have a way of changing old preconceptions.

Take Mississippi for example. Nothing but 'gators and mint juleps, right?

You really should get the facts. In our book we tell you about our available labor and raw materials and abundant transportation and favorable tax laws.

Of course, you already know about our great climate. You see it on all those New Year's football games.

If you're smart, you'll write for the book. If you're even smarter, you'll move your plant here.

And if you're a genius, you'll fly down tomorrow and make some Polaroid® shots of the place.

Along with my Re-Think Mississippi button please send me information on:

☐ Statistical Book on industrial opportunities in Mississippi. (Attach coupon to your business letterhead.)

☐ Travel information (our new travel guide). See Mississippi while looking for a new plant site.

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Business \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Mississippi A & I Board, P. O. Box 849  
Jackson, Mississippi 39205

HB

## THE WORLD OF INDUSTRY

### There Are Riches in That Mud

Barite, a little-known mineral that makes really first-class mud, may be in big demand on the East Coast in a few years and U.S. Geological Survey officials are urging intensified exploration to find it close at hand.

The mud in question is drilling mud, the kind needed by rotary drill rigs probing for oil or natural gas. With anticipated drilling on the Outer Continental Shelf a probability in the relatively near future, an ample supply is going to be required.

Presently, the Eastern U.S. yields about 20 per cent of total domestic production, but all Eastern barite is used by chemical and other manufacturers. There are ample supplies in the Middle West and Far West, but transportation costs are a factor.

Dr. Donald A. Brobst, a Geological Survey minerals expert, thinks there's a strong likelihood of barite deposits in the East that have gone undiscovered because exploration has lagged.

He says there is particularly good potential for finding "bedded" deposits—a type currently mined in Nevada and Arkansas—in the Appalachian region.

Worthy of exploration, he says, are an area from northeastern Tennessee into southwest Virginia; parts of Berks County in southeastern Pennsylvania; the area around Cumberland, Md., and adjacent areas in West Virginia and Pennsylvania; and parts of western New York.

Ore of this type is easy to detect, Dr. Brobst says. When smashed with a hammer, it gives off the odor of hydrogen sulfide—rotten eggs. •

### Clothes That Are Sprayed On

If a research program aimed at making the U.S. textile and apparel industries more competitive pays off, some garments in the future may be produced by spraying the material on mannequins.

The National Science Foundation has given Georgia Institute of Technology a \$98,600 grant to explore the possibility of making clothing

without yarn formation, weaving or knitting.

Dr. W. Denney Freeston Jr., director of Georgia Tech's School of Textile Engineering, says one way to produce garments directly might be to deposit fibers on a wire screen mannequin and interweave them by using a high-energy fluid stream.

Also, garments might be produced directly from polymers, he says, by extruding a thin film, splitting the film into a fibrous network, pulling it over a mannequin and shrinking it to shape. The garments then would be split down the back or front, removed, trimmed, finished and shipped to the market.

"We don't expect to create high-fashion garments by these methods," Dr. Freeston says. "However, they should give acceptable everyday apparel." •

### Rounding Corners Can Save Fuel

The high cost of fuel may change the look of trucks and cars of the future.

At least, that's what the National Aeronautics and Space Administration thinks.

A NASA study last year found rectangular, sharp-edged truck bodies rolling at speeds of 50 miles per hour or higher require more than 50 per cent of their cabs' engine horsepower to overcome aerodynamic drag.

By rounding corners on a test vehicle and otherwise reshaping it, NASA scientists were able to reduce drag 30 per cent at speeds of 55 to 60 miles per hour, and to achieve a 15 per cent reduction in fuel consumption.

NASA and Department of Transportation scientists have also been investigating the effect on fuel economy of such streamlining devices as stabilizers, turning vanes and air shields.

Five different low-cost air shields tested reduce wind resistance from 2 to 24 per cent, NASA reports. These add-on devices, developed by private

*continued on page 80B*





## A COPIER FOR THE BUSINESS THAT NEVER THOUGHT IT COULD AFFORD ONE.

The 3M Brand "Copymite" copier for under \$300.

Receipts. Contracts. Budget reports. Tax records. All kinds of important documents. And you need copies of them.

It's time to get your own copier.

A 3M "Copymite" desk-top copier. It makes sharp, clean copies from almost anything you need copied. And it's small enough to fit anywhere.

If you never thought your business could afford a copier, take a look at the "Copymite" from 3M. Or any of the other 3M desk-top copiers. See them at your 3M Office



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**To Owners of One Truck or a Fleet:**

# **Now at Ford Dealers: Truck prices you may never see the likes of again.**



For years, we couldn't keep up with the demand for big Fords (even though we build more trucks over 19,500 lbs. GVW than anybody else). As a buyer, you just had to wait your turn. Things sure have changed. Today you have an excellent chance to find the truck you need right in stock. And note this: you have an unusual opportunity to save real money on that truck.

**Here are pertinent facts**—including the fact that this combination of opportunities may never happen again.

■ Ford Dealers have lots of heavies on hand, plus a Supply Center at the Ford Kentucky Truck Plant to draw on. And Ford's locator system can track down any truck in a hurry.

■ And this point is especially important. Most of these trucks were built just before the considerable

price increase caused by FMVSS121 brake requirements.

■ Interest rates are at a low point right now; many forecasters think they will climb again soon. If this happens, you will save on financing when you buy today.

■ Used truck prices are currently high. Your trade-in may never be worth as much again.

■ Ford sells more trucks over 19,500 lbs. GVW than any other maker. You can buy with confidence because you know Ford must be offering top value for your money.

■ By replacing older equipment with efficient new Fords, you can very likely reduce operating and maintenance costs, a vital factor in today's tight economy.

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help; 272 specialize in heavy trucks with some of the finest facilities you'll find anywhere.

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## The Hospital and the Bureaucrats

Several months ago, a small-town physician in Oklahoma, Dr. Claude H. Williams of Okeene, cried out in despair against what he termed a "death sentence" on his community hospital. Late in March, Health and Welfare Secretary Caspar Weinberger granted a three-month reprieve. But unless the terms of the reprieve are more helpful than they now appear to be, Okeene's little 34-bed hospital is doomed. Bureaucracy will have killed it.

Dr. Williams' plight is duplicated many times over. Of the nation's 7,100 hospitals, nearly 1,800 have fewer than 50 beds; of these, almost 400 have fewer than 25 beds. These are the small rural hospitals, having staffs of only as many as six doctors. Typically, the institutions are the proud results of community effort. Daniel Webster's famous tribute to Dartmouth finds an echo here: They are small, these hospitals, but there are those who love them.

The story provides a textbook example, on a scale that anyone can understand, of bureaucracy gone berserk. The story therefore has its good aspects, for bureaucracy has its good aspects; bureaucracy is not intrinsically evil. The problem, one surmises, is that bureaucrats of the best intentions often dwell in an ethereal world of their own, light-years removed from the realities they seek to regulate. It seems unlikely, somehow, that Secretary Weinberger or his aides know much about the hospitals at Okeene, Watonga, Cherokee or Alva, all in northwestern Oklahoma. These institutions are real, and the Secretary's regulations have them in trouble.

Under various programs of Medicare and Medicaid, tax funds are provided to pay for the hospitalization of patients under Social Security

or public assistance. In many institutions, such patients constitute more than half of the patient load. Payments for their care are indispensable to a hospital's survival. The two programs are costly: In the coming fiscal year, the President's budget asks \$7.4 billion for Medicaid, more than \$10 billion for Medicare.

It doubtless is true, as various critics have charged, that some doctors and some hospitals, seeing such vast sums available, have abused the programs. That is, they have admitted patients who never should have been admitted; or they have kept patients hospitalized after they should have been discharged. It was in a commendable effort to prevent these abuses that the government, last November, laid down its utilization review regulations. They were to have become effective on Feb. 1. Under the reprieve, the effective date now is July 1.

This is how the system works. The Okeene Municipal Hospital must prepare a written set of "norms" for all categories of prospective admissions. Such "norms" are defined as "numerical or statistical measures of usually observed performance." You are a person on Social Security, living somewhere in the boondocks of Blaine or Kingfisher County, and you come down sick. You make it into the Okeene hospital, where a doctor orders your admission.

Within 24 hours, a full written justification for the admission must be prepared and reviewed by a utilization review committee. This "staff committee" is to be composed of "two or more physicians with participation of other professional personnel," or by a "group outside the hospital which is similarly composed." The reviews may not be conducted

"by any person who is financially interested in any hospital or by any person who was professionally involved in the care of the patient whose case is being reviewed."

At the time Dr. Williams cried out for relief, the Okeene Municipal Hospital had a staff of two doctors. The hospital at Watonga had three, the 20-bed hospital at Waynoka had one. Ten institutions in the general area had a total of only 26 doctors. It is a fair assumption that most of the doctors have at least some financial interest in some hospital; they would thus be disqualified from serving on a review committee, even if their 60-hour workweeks could be stretched to include committee service. In practice, every doctor attached to a small hospital becomes professionally involved in the care of every patient. This is rural practice.

How is your admission to be reviewed and justified according to the predetermined "norms"? Dr. Williams says flatly, "No way." The hospitals do not have the clerical staff, let alone the time, to fill out elaborate reports on every Medicare or Medicaid admission, detailing "the diagnosis or symptoms indicating the need for the admission, the physician's plan of treatment, and other supporting material (e.g., recent test findings, recent case history, schedule of tests planned, etc.) the group or committee may deem appropriate." No way.

But if the admission is not thus reviewed and justified, no payments will be made for the patient's care.

Between now and July 1, "alternative means" are to be explored. According to a spokesperson at HEW, it might be possible for a nurse or a records librarian to make an initial



## The Hospital and the Bureaucrats *continued*

determination that a particular admission met the written "norms." If in doubt about the admitting doctor's judgment, the nurse or librarian could telephone some other doctor somewhere else. The other doctor, somewhere else, would then drop whatever he was doing in order to approve or disapprove the judgment of his distant colleague. It sounds, somehow, a little improbable.

Utilization review is only one of the burdens placed upon the small institutions. Back in July of 1974, an inspector for the Social Security Administration descended upon the Okeene Municipal Hospital. Subsequently he prepared a seven-page, single-spaced statement of "deficiencies and plan for correction." The document is a masterpiece of bureaucratic harassment: "Storage of garbage is not stored properly." In reports of staff meetings, "the names of discussants was [sic] not given." As to records, "there is no registered record administrator which makes periodic visits to the hospital to evaluate the records." The author of this infuriating document could not spell "examination;" he could not spell "privileges," "Caesarean," "judgment" or "specialization." His most serious citation, having to do with the supposed lack of an emergency water supply, later was acknowledged to have been "an error."

This is bureaucracy in action, out in the boondocks. The reality, as distinguished from the theory, is that rural physicians are swamped by the everyday demands of patient care. Overwhelmingly, these are doctors of honor and integrity. They are working formidable hours, with limited clerical and nursing staffs, and they are providing a kind of community hospital service that is indispensable to their people. They can cope with most of the medical and surgical situations one would expect—they can cope with epidemics, with the farmer who manages to get a leg caught in a baling machine, and with

other emergencies—but they cannot tend to their patients and tend to the big-city demands of bureaucracy also.

Because these observations seem to have focused on a single area in Oklahoma, probably it should be emphasized, for the record, that Dr. Williams is no isolated dissident. In Louisiana, Dr. H. Ashton Thomas, executive vice president for the Louisiana State Medical Society, has objected as severely. The utilization review requirements, he says, are the work of "technocrats," unfamiliar with actual hospital care. The small hospitals of Louisiana, in his view, could comply only by "paper-faked deals." Dr. F. Michael Smith Jr., of Thibodaux, is still more emphatic. Compliance, as he sees it, means "sham, subterfuge and perjury."

How did these critical problems develop? They developed somewhat in the fashion of the Mad Hatter's watch. If you remember your Alice in Wonderland, the watch needed repair and the Mad Hatter asked the March Hare to minister to the timepiece. It still ran two days wrong. "I told you," says the Hatter, "that butter wouldn't suit the works." The March Hare says defensively that "it was the best butter," and the Hatter grumbles that some crumbs must have gotten in as well: "You shouldn't have put it in with the bread knife."

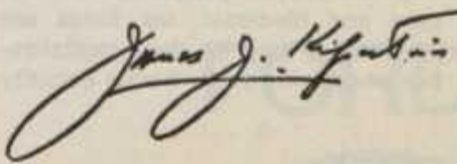
That is what has happened here. With the most proper and virtuous intentions, the Medicare and Medicaid people set out to repair a minor malfunction in the government's hospitalization machinery. They proceeded to impose a bewildering array of regulations geared to the largest big-city hospitals. It would be unkind to suggest that the bureaucrats knew that enforcement would demand still more bureaucrats, and that the labors of these bureaucrats would produce work for still more bureaucrats, and so *ad infinitum*. In charity, let it be said that the bureaucracy was motivated solely by an earnest desire to

provide high-quality hospital care, and to protect the taxpayers from unscrupulous rip-off.

All right. Where do we go from here? A Congress firmly controlled by liberal Democrats soon will turn to the business of national health insurance. Before long, the taxpayers will be asked to finance not \$7 billion for Medicaid and \$10 billion for Medicare, but \$50 or \$60 billion for everyone. The federal government then will be pervasively involved in claims, payments, reviews, justifications, appeals and the preservation of medical records from the cradle to the grave.

We ought to think about where we are going. No matter how national health insurance may be financed and administered, new armies of inspectors, coordinators, auditors and supervisors will be required. In the name of accountability, new volumes of rules and regulations will have to be composed. National "norms" of admission and treatment inevitably will appear. Government's standards will replace individual judgment. Doctors and hospitals that deviate from certifiable procedures eventually will weary of bureaucratic combat. The tendency will be to "go by the book," to take the easy way.

At some point—and that point is nearer than most Americans think—the people must wake up to what is happening to the private practice of medicine in our country. The doctors know what is going on, but they are an inarticulate bunch, for the most part, ill-equipped—and lacking the time—to communicate with people who may be concerned when they're sick but remain indifferent when they're well. Meanwhile, small-town Americans need to look to their small hospitals. The institutions are suffocating under a bureaucratic blanket, and may not survive.





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## Tenneco reports 1974 revenues over \$5 billion, earnings per share up 43% to \$4.08.

SUMMARY	1974	1973
REVENUES—	(Thousands)	
Manufacturing:		
J I Case	\$1,088,399	\$ 919,198
Newport News Shipbuilding	490,352	477,875
Walker Manufacturing	230,187	206,469
Natural gas pipelines	929,927	708,558
Oil production, refining, marketing	1,455,711	827,346
Chemicals	378,444	302,084
Packaging	364,898	310,749
Agriculture, land development	203,068	226,608
Investments	18,507	23,950
Intergroup sales	(95,889)	(62,676)
Total	<u>\$5,063,604</u>	<u>\$3,940,161</u>
NET INCOME	\$ 321,468	\$ 230,211
PREFERRED AND PREFERENCE STOCK DIVIDENDS	35,549	36,789
NET INCOME TO COMMON STOCK	<u>\$ 285,919</u>	<u>\$ 193,422</u>
EARNINGS PER SHARE OF COMMON STOCK:		
Average shares outstanding	\$ 4.08	\$ 2.86
Fully diluted	3.43	2.46
Average number of shares outstanding	70,079,891	67,697,658

Tenneco had its best year ever in 1974, with revenues up 29%, net income up 40%, and common share earnings up 43%, as shown above by the 1974-73 comparisons from our Annual Report.

Looked at from another perspective, 1974 climaxed one of the most outstanding five-year growth periods in the Company's history. In the years 1970 through 1974, substantial gains were recorded in a progression of peak achievements. Since 1970:

- Consolidated operating revenues rose 96% to more than \$5 billion.
- Net income rose 103% to \$321.5 million.
- Earnings per share rose 94% to \$4.08, even though the average common shares outstand-

ing went from 58.4 million in 1970 to 70.1 million in 1974, an increase of 20%.

—Assets grew 48% and cash flow, 103%.

—The common stock dividend rate is up 21%, having been increased on three occasions to the current annual rate of \$1.60 per share.

Now, as we move into the last half of the decade, Tenneco is in its strongest position ever, according to Chairman N. W. Freeman and President Wilton E. Scott—a company well prepared to meet the challenges and opportunities ahead.

**For more facts and figures about Tenneco's record-breaking performance in 1974, write: Tenneco Annual Report, Section G, P.O. Box 2511, Houston, Texas 77001.**

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# Tenneco



## Government Regulation's Inflationary Price Tag

• Thank you for the needed viewpoint in "How the Customer Is Wronged by Washington" [March]. You successfully managed to avoid the nonproductive finger-pointing that has characterized other such articles on federal regulation of business, and presented a factual picture of the economic consequences of government decisions on the consumer.

I, for one, believe that taxes may become a minor consumer expense relative to the inflationary price tag of well-intended government programs, unless current trends are reversed.

W.R. WATTS  
Manager, Economic Development  
Florida Power Corp.  
St. Petersburg, Fla.

### Bribing legislators?

• Re "Double Threat to a Killer" [February], in which Rep. William Harsha (R.-Ohio) discusses the "carrot" mechanism by which states can obtain additional federal highway safety funds by mandating use of seat belts.

I would prefer, rather than using the euphemism "carrot," to call a spade a spade and say that this is an attempt to bribe state legislators into passing laws not requested or desired by the citizens.

It is not a function of the federal government to protect a person against himself. It is also bad law to put on the books statutes that are unenforceable or can be enforced only with extreme difficulty. This is an example of the wishful thinking prevalent in Washington—to solve a problem you pass a law, and the job is done.

ROBERT L. MCCONNELEE  
Executive Vice President  
Chamber of Commerce  
Perry, Iowa

### Costly recruiting

• "The High Cost of Hiring" [February] spotlighted an area neglected by most companies no matter how cost-conscious they are.

One of our clients found in a study that it took from 70 to 120 man-hours to conduct an average executive search on their own, with the process generally extending over nine to 16 weeks. Man-hour costs ranged from \$1,050 to \$1,800.

While company executives found it was more economical to do their own recruiting for lower-level positions, the cost of recruiting for executive-level positions was uneconomical, or bordered on it, and it prevented them from spending more time on their normal functions and responsibilities.

JAMES J. MCELROY  
Vice President and General Manager  
Charles E. Day & Associates, Inc.  
Management Consultants  
Ann Arbor, Mich.

### Property and propriety

• Many of our present programs spend our tax money in an arbitrary, prejudicial and capricious manner. This is not taxation, but instead, the unlawful seizure of private property.

The Bill of Rights was adopted to protect individuals from governmental unfairness. It took the blacks nearly 100 years to learn this. How long is it going to take the taxpayers?

JOE W. SMITH JR.  
President  
Joe W. Smith Lumber Sales  
Lenterville, Texas

### Exit the dry look

• Your March issue contains a letter from Mollie B. Willhelm of Ft. Smith, Ark., in which she states that "a constitutional amendment, once ratified, is there to stay."

This is not true. The Eighteenth Amendment to the U.S. Constitution (the Prohibition Amendment) was ratified Jan. 16, 1919, and repealed on Dec. 5, 1933 by the 21st Amendment.

GEORGE J. MCNALLY  
Plant City, Fla.

### Conserving oil

• Re "What's Ahead for the Auto?" [March], your interview with Edward N. Cole, former president of General Motors Corp.

I'm afraid Mr. Cole is still burying his head in the sand. While he may be right about being able to get 12 per cent better mileage, at most, under present government standards, that's in terms of cars of current weights and sizes. He certainly knows that sizes and weights can be reduced so as to easily get 40 per cent improvement.

Mr. Cole probably is right in saying that most U.S. consumers want

cars of current sizes, but he doesn't say why. The reason is that most Americans have never driven a high-quality, well-designed small car. They still believe that size and weight are necessary for comfort and driving stability.

The U.S. auto industry has never produced cars comparable to the better foreign cars, which still leave room for improvement.

We've got to give up our big-car, energy-wasting economy soon. Let's start now, rather than waiting and doing it in an atmosphere of chaos.

RAY C. FRODEY  
Fremont, Mich.

• There is no question that fuel oil is one of the mainstays of our industrial and agricultural excellence. Without sufficient quantities, our economy grinds to a depressing lethargy.

At present, both Washington and the local governments are looking to the use of oppressive monetary measures to serve a dual purpose: restrict use of motor vehicle fuel and gain added tax revenue.

This attempt is so alien to our American way as to be something that all of us must rebel against. Have our so-called leaders forgotten that the mainstay of employment and successful business in this country is the automobile? As the automobile goes, so goes our entire economy. There is no question that we must conserve our fuel, but we must take a positive approach—improve the auto engine to obtain greater mileage.

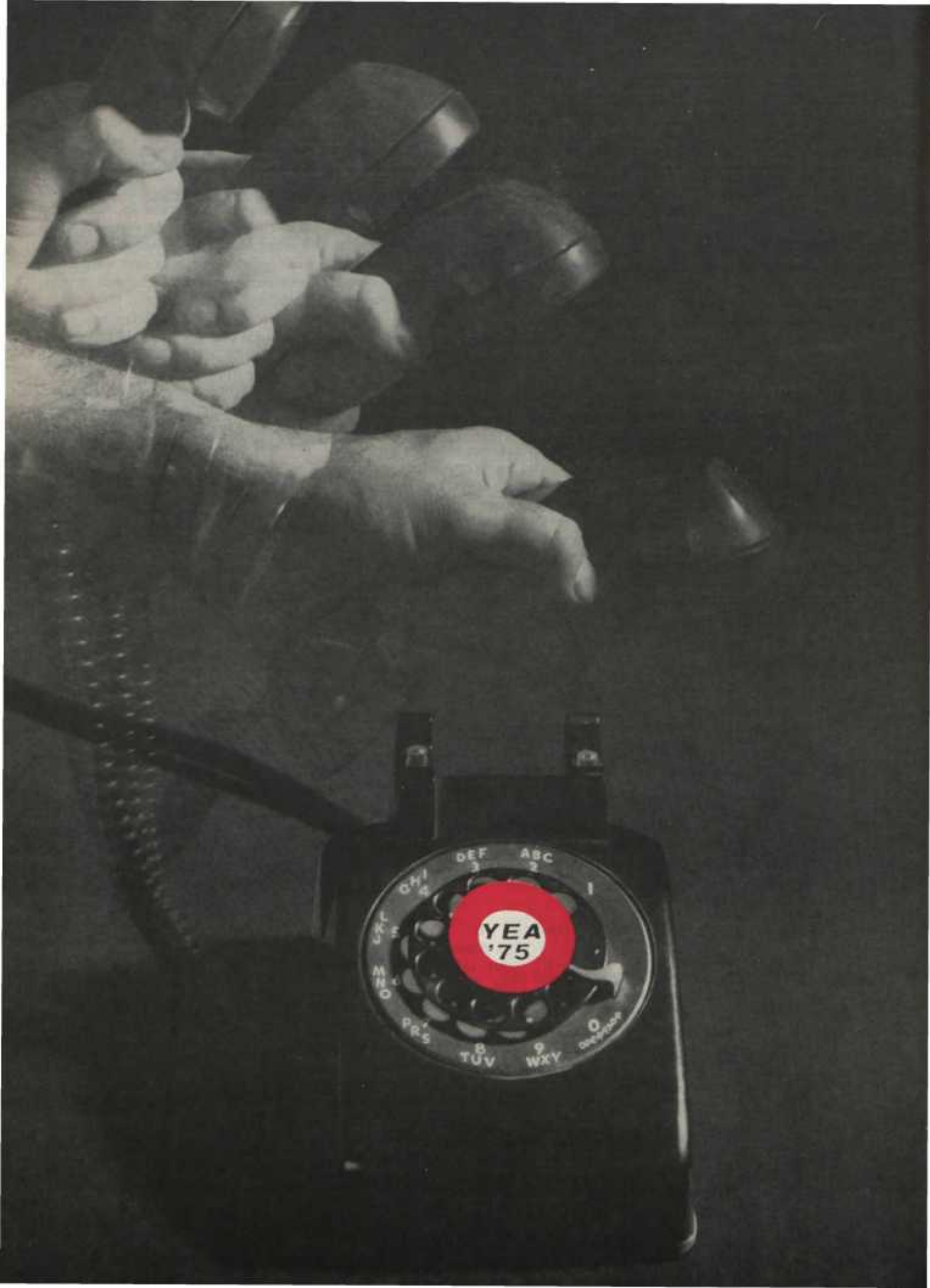
BERNARD S. ROGOVIN  
Attorney at Law  
Rockville Centre, N.Y.

### High marks from a student

• I'm 16 years old and a student at Loch Raven Senior High School. My dad is general manager, advance materials division, for Armco Steel Corp., and I read his copies of NATION'S BUSINESS. I like the "Lessons of Leadership" interviews and James J. Kilpatrick's column. The article about the new director of the Federal Bureau of Investigation in December was the best of 1974.

SCOTT MARSHALL  
Baltimore, Md.







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And it means encouraging investors to put up the hundreds of billions of dollars in risk capital that will be needed. (Certainly not *discouraging* them with punitive legislation.)

We think most people understand this, and believe, as we do, that more energy supplies can be provided within the framework of reasonable environmental protection. (Witness the many polls showing that even residents of coastal communities favor expanded offshore drilling.)

So get on the horn. Let your elected representatives know how you feel. Your voice can help make 1975 the Year of Energy Action.

For a free booklet on the energy crisis, including 12 ways in which America can overcome it, write Year of Energy Action, Mobil Oil Corporation, 150 East 42nd Street, New York, N.Y. 10017.

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# How Illegal Aliens Rob Jobs From Unemployed Americans

With seven or eight million foreigners in this country illegally—and more coming every day—this background report explains what it means to you as a taxpaying businessman and what's being planned for the future

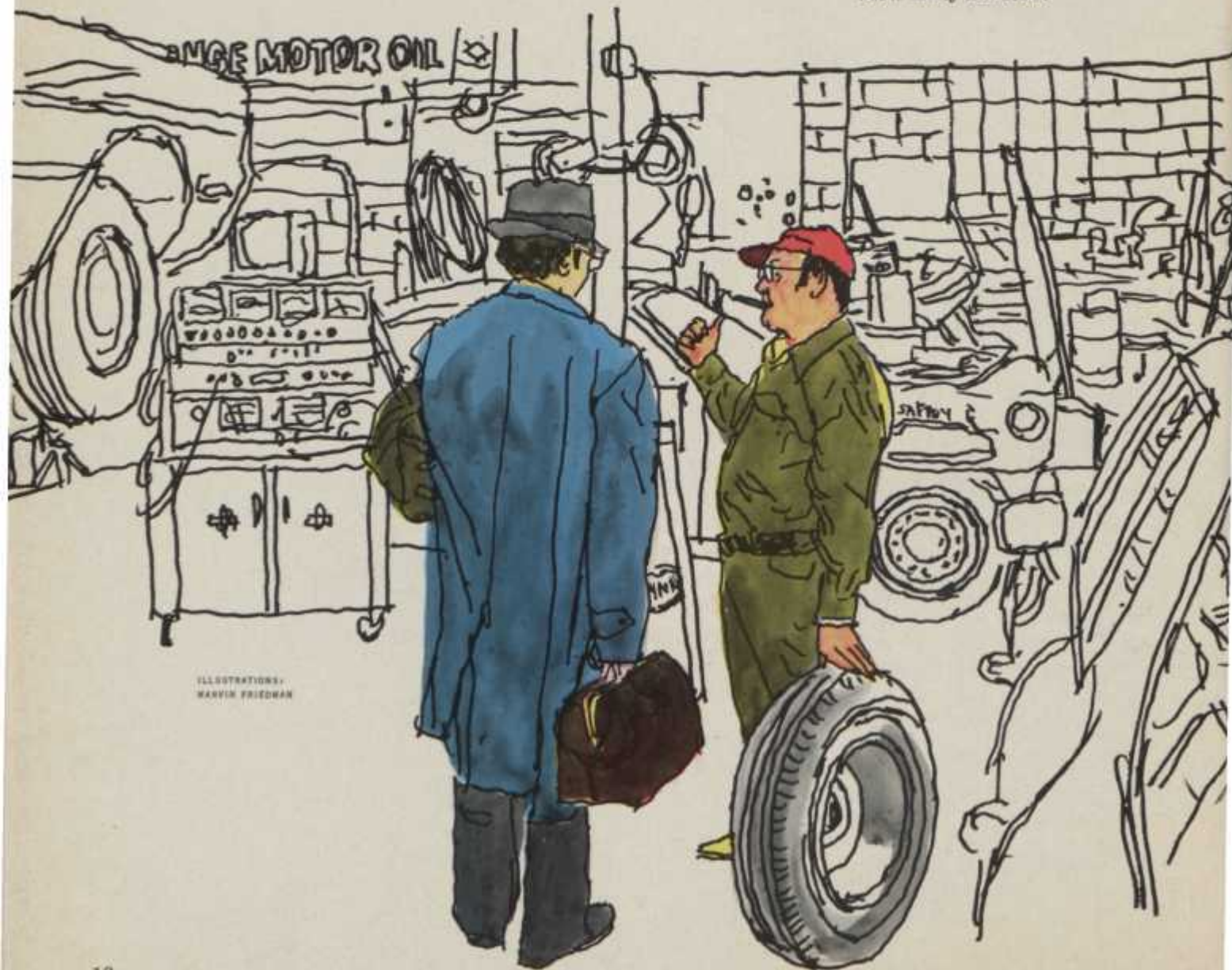
During 37 years of Marine Corps duty that included four in the top spot of commandant, Gen. Leonard F. Chapman Jr. was not a man to throw up his hands in the face of a challenge.

But now, as head of the Immigration and Naturalization Service, he bluntly concedes that mastering the major difficulty facing his agency is "totally beyond our capabilities—just totally."

Gen. Chapman, who was named immigration commissioner in 1972 after retiring from the Corps, is referring to the huge—and growing—problem of illegal aliens.

"It has reached what I consider really alarming proportions," he told NATION'S BUSINESS. "There are literally millions of them here."

How many millions?



ILLUSTRATIONS BY  
MARVIN FRIEDMAN



"My best guess is seven to eight million, with at least one million holding jobs—many of them good-paying jobs—at the same time eight million Americans are out of work.

"It's a moving target, increasing very substantially every year. Ten or 15 years ago, there were a few hundred thousand, nearly all in agricultural jobs in the Southwest. If things don't change, there will be 13 million to 15 million, scattered all over the country, within the next three or four years."

Last year, 800,000 foreigners who entered the country illegally were caught and sent back, but Gen. Chapman thinks that's only a third to a half of the total number who came in.

How do they evade detection?

By swimming the Rio Grande to Texas in classic "wetback" fashion,

or walking across the 800-mile Southwestern land border between El Paso, Texas, and the Pacific.

#### "Marriage" mills

Or by using more sophisticated techniques. There are millions of aliens in the country who have:

- Entered legally as tourists or students and simply stayed on after their visas expired.
- Been smuggled in on boats or in hidden compartments of trucks by organized rings charging up to \$700 each.
- Used fraudulent passports, visas or other documents.
- Employed the services of brokers of bogus marriages, who arrange for an alien to "marry" a U.S. citizen, enabling the foreigner to qualify for permanent residence in this country. Charges for such services run as high as \$1,500. The U.S. partner to the "marriage" may enter into several such arrangements a month—without benefit of divorce.

Most of the illegal aliens are Mexicans, but the number coming from other countries has been growing steadily, and today every part of the world is represented. Significantly, half or more of those holding jobs in the U.S. are not Mexicans, Gen. Chapman says.

He adopts a somewhat sympathetic attitude toward the majority of these people who so frustrate him and the agency he heads.

Noting the lengths to which they go to get here, he says: "The attraction of a job in this country is so great that no risk and, apparently, no price are too high for them."

He adds: "Most of them are good, hardworking people who look to this country as the only place where they can earn a decent living. You can't blame them very much for that."

"Our investigators checked out a cleaning crew in a big Chicago office

building recently and found 41 of the women working there were Polish citizens. I don't doubt they were probably the best cleaning women anybody has ever seen. I really mean it."

Illegal aliens, he says, "send money back to their families, save, and, in most cases, eventually go back home and live relatively well."

But many never go home and many more might stay—and bring in relatives—were it not for the fear of being caught, Gen. Chapman says.

If the nation doesn't effectively deal with the problem of illegal aliens, he warns, "if we just throw open our doors, it wouldn't be many years before we had India's population problems."

#### Where you fit in

For the businessman, the issue has many facets.

While it is a crime for any aliens to represent themselves as American citizens, and for most of them to accept employment in the U.S. (the exceptions, of course, are limited to aliens legally in the country—and only to some of them), an employer commits no crime by hiring one, nor is there any obligation on the employer's part to ascertain a job applicant's nationality.

Many employers unknowingly hire "illegals," as they are called. A small number, Gen. Chapman says, hire them knowingly.

The general notes that such hirings can have short-range economic benefits for an employer: "He pays lower wages than he would have to pay Americans; and sometimes the working and living conditions he provides are substandard."

But, Gen. Chapman adds, "we are all subsidizing" any savings an individual makes in labor costs by hiring an alien: "That worker sends his children to school, his family uses hospitals and other public facilities,



"At one time, it was generally true that nearly all the illegal aliens working in this country were Mexicans doing stoop labor. But that's not the case anymore."



## How Illegal Aliens Rob Jobs *continued*

and he might even go on welfare. And many are paying no taxes at all."

The California Social Welfare Board estimated after a 1973 study that illegal aliens in its state were receiving \$100 million a year in welfare payments and services. Nationally, that figure is in the billions, the Immigration Service estimates.

In a pilot program that the Service conducted jointly last year with Internal Revenue, 1,700 illegal aliens suspected as tax dodgers were found to owe \$250,000 in income taxes, and \$168,000 was actually collected.

Another adverse economic impact: The effect on the U.S. balance of payments of dollars—which Gen. Chapman says are conservatively estimated to total 1.5 billion a year—earned here and sent back to the aliens' home countries.

"So the taxpayers as a whole are footing the bill for whatever an employer saves by hiring illegal aliens," the general says.

Another reason that aliens are hired for certain jobs, he points out, is that "the employer can't get an American to do his farm work or punch his cattle or whatever he needs help for."

A farmer or other employer unable to recruit workers who are U.S. citizens can take advantage of a Labor Department program under which aliens are brought into the country to work for short periods. But paperwork is involved for the employer.

"The local labor office of the state employment service is required to give certification if the farmer can't get American laborers, but in point of fact the farmer often doesn't make the request," Gen. Chapman says. "Why should he? Why should he go through all the damn red tape when he probably has 200 fellows standing right outside his main gate ready to go to work, and there's no law that says he can't hire them?"

### A burden for business?

The Immigration Service is backing legislation, introduced by Rep. Peter W. Rodino Jr. (D-N.J.), making it an offense to knowingly hire an illegal alien. A job-seeker would have to certify to the prospective employer that he is a U.S. citizen (or



"Most of them are good, hardworking people who look to this country as the only place where they can earn a decent living. You can't blame them very much for that."

that he's in the highly limited category of legal aliens entitled to obtain employment in this country—in which case, he would have to produce documentation).

If he's American, the job-seeker's statement can be oral or written, as the employer wishes. The Justice Department at one point wanted the measure to include a provision requiring all U.S. applicants for work to produce papers identifying them as citizens—a move criticized as smacking of a police state. The new Attorney General, Edward H. Levi, scratched the idea.

After posing the question and receiving the answer, the employer would have no further responsibility under the law—the burden would shift to the employee, who could be punished for misrepresentation.

On the other hand, an employer

found to have knowingly hired an illegal alien would be liable to a warning for a first offense, and to a fine, imposed by the Immigration Service in a noncriminal proceeding, of up to \$500 per alien for a second offense. For a third offense, the employer would face a criminal misdemeanor charge with a maximum penalty per alien of a year in jail and a \$1,000 fine.

Challenges to the Rodino bill have come from the American Farm Bureau, the nation's largest employer of farm labor, which favors keeping illegal aliens out but proposes other ways than the pending legislation, and from religious organizations urging "amnesty" for illegals already here.

At its annual meeting last February, the Farm Bureau adopted a policy statement that said in part:



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## How Illegal Aliens Rob Jobs *continued*

"We continue to oppose legislation that would put the burden of proof on employers as to whether a person is an illegal alien. We feel... [it] would place an unwarranted burden for law enforcement on employers... and would prove to be unworkable and ineffective in solving the problem of illegal aliens entering this country.

"This is no longer a farm employment problem. Most illegal aliens in almost every area of this country are working in nonfarm occupations.

"Instead of shifting the burden of enforcement to employers, we favor legislation that would make it illegal for any public agency or public official to approve or provide public services to illegal aliens. Tightening up procedures involved in the issuance of Social Security cards and requiring that those who apply for welfare, food stamps and other such social services show proof of their legal status as citizens or legal aliens would be more effective in locating such aliens and in discouraging their

"I have told Congress several times that, with the Rodino bill and a couple of thousand more agents, we could do a number of things—one of which is to open up a million jobs for unemployed Americans."

entry than other plans that have been advanced."

A Farm Bureau spokesman explains that employers may not be able to cover themselves under the law as easily as it might seem. For one thing, he says, many previous laws have been passed with official assurance of a minimal impact on businessmen—but the impact has turned out to be much more burdensome and costly because of rules drafted by enforcing agencies.

The United States Catholic Conference is the largest of organizations urging amnesty—granting illegal

aliens now in the country legal status with the right to work and eventually become citizens. Most of these foreigners came to this country, these organizations say, at a time of economic boom, filling lower-paying jobs that Americans shunned.

Gen. Chapman questions the general amnesty approach on the ground that providing it would lead to recurring demands to allow later waves of illegal aliens to stay on. But he thinks special consideration might be given aliens who have been in the country for a decade or more and have deep roots here. Basically, how-

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☐ Business valuation: If you haven't taken steps to establish a value for your business, there will come a time when the Internal Revenue Service will do it for you.

☐ Stock attribution rules: If you're in business with relatives, stock transactions can be complicated. A wrong move can destroy your plans.

☐ Incorporation: It's surprising how many businesses that should be incorporated aren't. Incorporation could save you a lot of money.

☐ Your personal estate conservation: Sometimes you can be so busy making your small business a success, you don't

have the time or the energy to do the same with your personal financial planning.

☐ Tax shelters for you and key employees: Everyone talks about oil depletions and cattle ranches, but the more practical tax shelters are a lot closer to home.

☐ Salary/wage continuation: In unsettled economic times, deferring compensation can provide current tax savings as well as protection against inflation.

☐ Sick pay plans: You should know how to avoid having payments to stockholder employees rated as a dividend and thus not tax deductible to the corporation.

☐ Stock redemption plans: At least one personal tax bill can be picked up by your business. It's worth looking into.

☐ Pensions and profit sharing: In today's marketplace, you have to compete with other companies. For employees. Without good benefit and incentive plans, you're not really competitive.

☐ Business insurance: Costs vary widely by company. We invite cost comparison with any company you choose, by any measure you choose. *Low cost isn't our goal—it's our achievement.*



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## How Illegal Aliens Rob Jobs *continued*

ever, he wants to confront the problem as it now stands: "I have told Congress several times that, with the Rodino bill and a couple of thousand more agents, we could do a number of things—one of which is to open up a million jobs for unemployed Americans."

The commissioner gives these insights into his current manpower difficulties.

- Electronic devices that detect the presence of humans and relay the information to a headquarters (equipment originally developed for Viet Nam battlefields) have been installed at many points along the Southwestern land border but the Border Patrol is spread so thinly that half the alarms go unanswered.

- There are fewer than 1,000 immigration investigators—officers assigned to nab foreigners who have managed to get into the country illegally—compared with the estimated eight million illegal aliens. There are 200 investigators and an estimated one million illegals in the New York City area; 100 investigators and a

"Instead of shifting the burden of enforcement to employers, we favor legislation that would make it illegal for any public agency to approve or provide public services to illegal aliens."

half-million illegal aliens in Chicago.

But it's not just a question of manpower, Gen. Chapman emphasizes.

"How can you man 6,000 miles of land border, not to mention two seacoasts?" he asks. "You'd probably have to have officers standing shoulder to shoulder. And you could turn the entire Marine Corps into immigration investigators and it wouldn't provide enough personnel to sort through 215 million people to locate seven to eight million illegal aliens when, at the same time, two or three more were coming in for every one you found."

He adds: "What we need more than anything else is the Rodino bill to make it illegal to hire them knowingly."

In pressing for the legislation's passage, Gen. Chapman bears down heavily on the opening up of jobs for Americans.

It's a mistake, he says, to dismiss the alien problem by saying that the illegals are just filling menial jobs Americans would spurn in any event.

"At one time, it was generally true that nearly all the illegal aliens working in this country were Mexicans doing stoop labor," he concedes. "But that's not the case anymore. Only about a third of the million aliens holding jobs are in agriculture. The biggest concentration now is in industry and the service fields."

### From plumbing to investing

He slides across his desk a long list of recently caught illegal aliens.

It includes a Greek earning \$12 an hour as a plumber; two other Greeks receiving \$9.71 an hour as painters (and arrested while working with a crew painting the Statue of Liberty); a wirephoto operator from Trinidad, \$6 an hour; a Jamaican carpenter, \$7; a jeweler from Colombia, \$4.49; an airline office worker from Japan, \$4; a real estate secretary from Germany, \$5 an hour; and an art restorer from Israel, \$9 an hour.

Also on the list: a restaurant owner, a bookkeeper, an auto mechanic, a computer technician, an investment adviser and the director of a university residence hall.

One recent investigation turned up four illegal aliens working as janitors in a private Washington, D.C., office building where a major tenant is—you guessed it—the Immigration and Naturalization Service. **END**

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## Should We Have National Economic Planning?

National economic planning is being talked up again—business planning by government at the White House level.

Periodically, over the years, there have been calls for establishment of a government agency which would take a studied look down the economic road and determine—to give a few examples—how many automobiles we will need in, say five years; how many refrigerators; how many frying pans; how much imported oil; how much copper production.

The agency would try to get businesses to go along with its views—or even require them to (it might be given the power to set and enforce quotas for various companies' production).

A current example of this type of

thinking is described in some detail on page 78 in the "Guest Economist" column.

Businessmen generally oppose national planning, and especially giving the government authority to impose quotas, though many do approve the gathering of more anticipatory information by public and private agencies.

At the same time, national economic planning appeals to many economists, educators, labor union executives and business writers.

Both sides readily confess there are pros and cons aplenty.

Proponents say this may be the best way to regulate production in future years, so that supplies will not yo-yo up and down and get out of kilter with the public's needs. They say

overproduction and underproduction can be avoided.

Opponents want to follow our tradition of letting the marketplace determine what, and how much, will be produced. They point to America's high standard of living as proof that the marketplace can, and does, regulate very well.

They also point to the Soviet Union as offering a horrendous example of national economic planning. The Soviet economy has always been in various stages of disarray. Many a Kremlin Five-Year Plan has been ditched in midstream, or, if allowed to run its full course, found a sorry determinant of the nation's needs and ability to produce on schedule.

So, what do you think? Do you favor national economic planning?

PLEASE USE FORM BELOW FOR REPLY

Kenneth W. Medley, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20062

Should we have national economic planning?

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## Government Strikes: A Striking Response

It was one of the most lopsided responses in the history of the monthly *Nation's Business* invitations to "Sound Off to the Editor."

The February question: "Should government employees have the right to strike?" The readers' reply: No, by a margin of 17 to one.

Several bills pending in Congress prompted the question. They would not only authorize strikes by government workers at all levels, now generally prohibited by federal, state and/or local law, but would in varying degrees require those workers to

Among the relative handful of those favoring granting public employees the right to strike is Jack Armen, president, Aztec Construction Co., Chicago, Ill. Government workers, he says, "are American citizens, pay taxes, perform a service, pay for their food, clothing and shelter, raise families and pay union dues. Should not they be treated like any other American citizen? Why should they be the scapegoats?"

"I do not believe in strikes," says Thomas A. McIntyre, owner of the Firelands Charter Service, Norwalk, Ohio, who formerly headed two local labor unions. But, he adds, "it is discrimination to allow industry workers to strike and then say to the public employees, 'You can't strike.'"

Some of the other Yes answers offer little comfort to government workers, however.

Sydney R. Peterson, president, Niagara Telephone Co., Niagara, Wisc., gives this explanation of why he favors permitting them to stage walkouts: "If the useless bureaucrats went on strike, we would find out that we don't need them and they could stay on strike forever."

Dick Byam, president, Sports Corner, Omaha, Nebr., says he would

Inc., Beaver Dam, Wisc., asks: "Why should employees working for the government have fewer rights than those in the private sector?" But he also bases his vote on a desire to "let the government learn firsthand the problems of dealing with unbridled union power, so that perhaps we'll have some long-overdue, meaningful checks placed on the unions."

An unconditional No, however, is the overwhelming response.

Says Andrew B. Sides Jr., president, Rhode Island Tool Co., Inc., Providence, R.I.: "A strike to shut down a municipality has immeasurably more severe effects on the well-being of everyone living there than does a local factory strike. It should be unthinkable to consider legislation permitting government workers to strike."

George Duffy, plant manager, Valley Engineering & Manufacturing Corp., Wilkes-Barre, Pa., declares that "a strike against government is a strike against me because I pay the workers' wages."

E.P. McCaughan, industrial relations manager, Revere Copper and Brass, Inc., Los Angeles, Calif., argues that "the strike has no place in government employment because the employer—the public—is not included in the negotiations and the agency cannot close up and go out of business if the demands are too great."

R.J. Kirchhofer, regional director, Caltex Petroleum Corp., New York City, says that since the public pays government salaries, it "has a right to expect service at all times."

J.J. Wozniak, vice president and treasurer, General Construction Co., Seattle, Wash., predicts that, if government workers are permitted to strike, "the politicians will yield to the strikers' demands and then will be forced to obtain from the people the money needed to satisfy the strikers."

And Richard D. Reynolds, executive vice president, G.B. Dupont Co., Inc., Troy, Mich., also voting No, comments only that "this is another can of worms for us to worry about."



*Public employees should not even be allowed to organize in unions, let alone strike, says William B. Houston, president, Colorado Rubber & Supply Co., Denver, Colo.*

join unions in order to hold their jobs.

In submitting one of the avalanche of votes against allowing public employees to strike, Howard E. White-way, president, Associated Steel Co. of Houston, Houston, Texas, writes: "Persons accepting public employment should unequivocally agree to perform such service solely in the public interest and without interruption. Legalizing strikes for public employees would destroy this necessary commitment."

Rollin E. Jackson, president, Turtle Creek Management, Inc., Indianapolis, Ind., suggests that if government employees dislike "their work environment, they are free to leave their jobs and enter the free enterprise economy, where they can strike and where they are also less insulated from accountability to their employer."

John G. Howard, president, The Valley National Co.-Insurance, Phoenix, Ariz., says government workers "have enough benefits and security to forgo their right to strike."



*James E. Brown, vice president, Pearson, Brown & Associates, Inc., Morton Grove, Ill., favors strike rights but only for workers directly affected, with no sympathy strikes allowed.*

support the right to strike only if the authorizing legislation also "authorizes the rest of us taxpayers to withhold or not pay our taxes if we feel we're not getting full measure from our investment in their wages and salaries."

George A. Wallinger, executive vice president, Beaver Specialties,



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# Will Your Jobless Taxes Double?

Employers of all sizes face the prospect of sizable increases in their unemployment compensation costs. Will some of those boosts be a blunder?

The lines start forming early, sometimes before dawn. They grow longer as the morning wears on.

They stretch down the sidewalk outside squat, one-story buildings in small towns, or wind around the corridors and down the stairs of high-rise office buildings in big cities.

The people in them represent a cross section of the country—young folks in jeans, middle-aged women in house dresses, older men in work clothes or well-tailored suits.

Whatever their backgrounds, a common reason has brought them to the long lines—all have lost jobs and have come to claim unemployment insurance benefits.

The recession-spawned surge in unemployment has sent the number of individuals receiving those benefits to more than 6.5 million, compared with 2.5 million a year ago.

Total benefit payments of \$6 billion in the 1974 fiscal year will triple to over \$18 billion in the 1976 fiscal year, according to estimates in President Ford's new budget.

Those figures are highly significant to employers, from the smallest to the largest, because, through payroll taxes, they bear the lion's share of the cost of the jobless benefits program.

The financing problems of unemployment compensation, plus the potential impact of pending legislative proposals for other changes in the





system of jobless benefits, raise the possibility that employer-paid jobless taxes could in some cases double.

Immediate attention is being focused on financing.

Says the Labor Department's William H. Kolberg, assistant secretary for manpower administration:

"It is obvious that no matter how much belt-tightening we do, we are not going to cope with the estimated increases in unemployment without additional resources."

And the Interstate Commission of Employment Security Agencies, made up of state officials with responsibilities for unemployment compensation and related areas, takes a similar view.

Noting that some states have seen a sevenfold increase in the number of claims, the Commission says that "sooner or later there is going to be a very substantial increase in the tax rate"—an increase, it adds that will be much heavier in some states than in others.

The impact will be felt least in states that have been weathering the recession with unemployment rates that are low compared with the national average.

By way of background, the unemployment compensation system was set up in the same 1935 legislation that established the present system of Social Security benefits.

Jobless benefits are administered

by the individual states (plus the District of Columbia and Puerto Rico), which make their own rules on eligibility and amount and duration of benefits, within general guidelines set by the federal legislation.

The basic tax rate is 3.2 per cent against a wage base of \$4,200 a year. Employers pay the full cost in 49 of the 52 jurisdictions. There is an employee contribution only in New Jersey, Alabama and Alaska.

However, the specific tax rate an employer pays is determined by his "experience rating"—the extent to which unemployment in his company has resulted in a drain on his state's unemployment compensation trust fund. In areas of high unemployment, therefore, many companies are already paying tax rates well above the base.

Of the funds generated by the 3.2 per cent payroll tax, 2.7 per cent is credited to the respective state unemployment insurance account and 0.5 per cent goes to the federal unemployment insurance trust fund.

Funds from the state accounts pay the full cost of the basic 26 weeks of unemployment insurance, and half the cost of an additional 13 weeks which Congress voted in 1970.

The federal account finances all administrative expenses of the individual state systems, and pays the remaining half of the cost of the 13 weeks voted in 1970 plus all the cost

of an additional 26 weeks enacted under recent legislation.

It also pays the full cost of unemployment benefits to federal workers who have lost their jobs, to recently discharged veterans unable to find work and to those now being paid under a one-year provision covering people in categories which don't come under the regular state plans—agricultural, domestic, and state and local government workers.

The amount of benefits paid a worker weekly varies considerably from state to state—in 1974 the average check was \$64 while the maximum a worker received ranged from \$60 to \$117, depending on the state in which he collected.

To qualify, an employee must have worked a specified number of weeks at a certain level of pay, with the states setting those standards, and be unemployed through no fault of his own (although New York and Rhode Island provide for payment of unemployment benefits to strikers after a waiting period).

#### States in the red

With unemployment at the highest levels since the Great Depression, the benefits system is under heavy pressure on several fronts.

- Seven states whose own reserves have run short have taken advantage of provisions enabling them to borrow from the federal trust fund to



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## Will Your Jobless Taxes Double? *continued*

meet the shortages, with the loans running over \$590 million so far. Labor Department projections are that the number of borrowing states will be up to 15 by the end of this year and that as many as 30 states will need money transfusions during 1976, with total borrowings reaching \$7 billion or more in the two years.

The loans must be paid back from regular state unemployment taxes on businesses. If those taxes aren't sufficient to meet the repayment schedule, a surcharge is levied on each employer and it increases until the indebtedness is paid off. Connecticut employers are already paying an extra 0.3 per cent because of that state's inability to meet repayment deadlines, and Connecticut is continuing to borrow from the federal fund. Others borrowing are New Jersey, Massachusetts, Michigan, Rhode Island, Vermont and Washington, plus Puerto Rico.

- While the official guidelines call for a state unemployment reserve fund 1½ times the highest and most recent 12-month outlay of benefits, only 19 states were at or above that level in 1974, while 31, plus the District of Columbia and Puerto Rico, were below it.

On a national basis, total state reserves covered slightly less than a year's total state payments, compared with the 18-month standard.

- Government estimates indicate that state unemployment compensation payments of \$12.7 billion during fiscal 1976 (over \$6 billion more will be paid from federal funds) will be \$3 billion to \$5 billion above tax income.

### Proposed tax hike

In addition to the current financial picture that will impact heavily on the financing of the system, there are other forces at work that could have an effect.

The Labor Department is pressing for legislation that would make extensive changes in the overall program, most of them involving higher costs. Among the recommendations:

- Increase the wage base from the present \$4,200 to \$6,000, effective Jan. 1, 1977, and a year later to an amount equal to two thirds of the average annual wage paid nationally,

rounded off upward to the nearest \$1,000. This would fix the base for 1978 and 1979 at \$7,000.

- Raise the federal share of the payroll tax from 0.50 per cent to 0.55 per cent, for a combined federal-state tax of 3.25 per cent.

As a result of these two changes, an employer who now pays \$134.40 in payroll taxes on a worker making \$7,000 a year (3.2 per cent of the first \$4,200) would pay \$227.50 (3.25 on \$7,000).

Actually, in many states, the tax figure at that salary level is now higher than \$134.40, and it would go higher than \$227.50 under the change. These states' maximum tax rates are well above the basic 2.7 per cent state level, because of demands on their insurance reserves.

- Require that states pay an eligible worker a weekly benefit no less than 50 per cent of his average weekly wage, up to a maximum of at least two thirds of average state-wide weekly pay for all covered by unemployment compensation. Whether the worker qualified for the minimum, maximum or an amount in between would depend on how long he had worked and the pay he had received.

The Labor Department says that "benefit adequacy has heretofore been left entirely to state initiative," but "it has become evident" that federal goals for state maximums "can be achieved within any reasonable time only if federal law requires it."

- Expand coverage to include, on a permanent basis, agricultural and domestic workers, as well as employees of elementary and secondary schools operated by state or local governments, plus hospitals and higher education institutions operated by local governments. (State workers in the latter two categories are already covered.)

Another provision of the Labor Department proposal would ease the terms for repayment of federal loans to depleted state accounts.

The House Ways and Means Committee's Unemployment Compensation Subcommittee has launched a study of both immediate and long-range aspects of the insurance system.

Business spokesmen argue that un-



due haste in raising taxes on employers, which would probably show up in price increases to customers, would be ill-advised at a time when the thrust of government fiscal policy is in the opposite direction—to reduce taxes as a means of stimulating the economy.

States with particularly serious problems, they say, could try to weather the storm with borrowings that would be repaid from an increase in payroll tax revenues resulting from greater employment in a revival of the economy, rather than from setting higher rates as a fixed part of the system. The business leaders also see a sticky problem in the Labor Department proposal for indexing, or having the wage base rise automatically to a level equal to two thirds the average national wage.

The result, they say, could lead to a situation, during the better times expected ahead, of massively swollen reserves—"a big, juicy apple," as one business organization puts it—that would produce a torrent of suggestions for using up the money in the form of higher benefits, longer eligibility and other ways that create long-term commitments.

Businessmen want to avoid what they term "coattailing"—using the unemployment compensation system's present financial problems as a vehicle for introducing long-range changes, including stronger and stronger federal control over what has been essentially a state preserve. Immediate financing and long-term revisions should be considered separately, business leaders believe.

A final concern is one that has surfaced only recently as unemployment rose. It is the question of the extent to which employers and/or government should continue to provide extra benefits that jobless workers enjoyed while employed.

Bills pending in Congress, for example, propose various ways by which insurance companies or employers—or both—would be required to continue health insurance coverage for the jobless.

Overall, the combination of financing problems and legislative proposals adds up to a situation to which employers must be particularly alert.

—ROBERT T. GRAY



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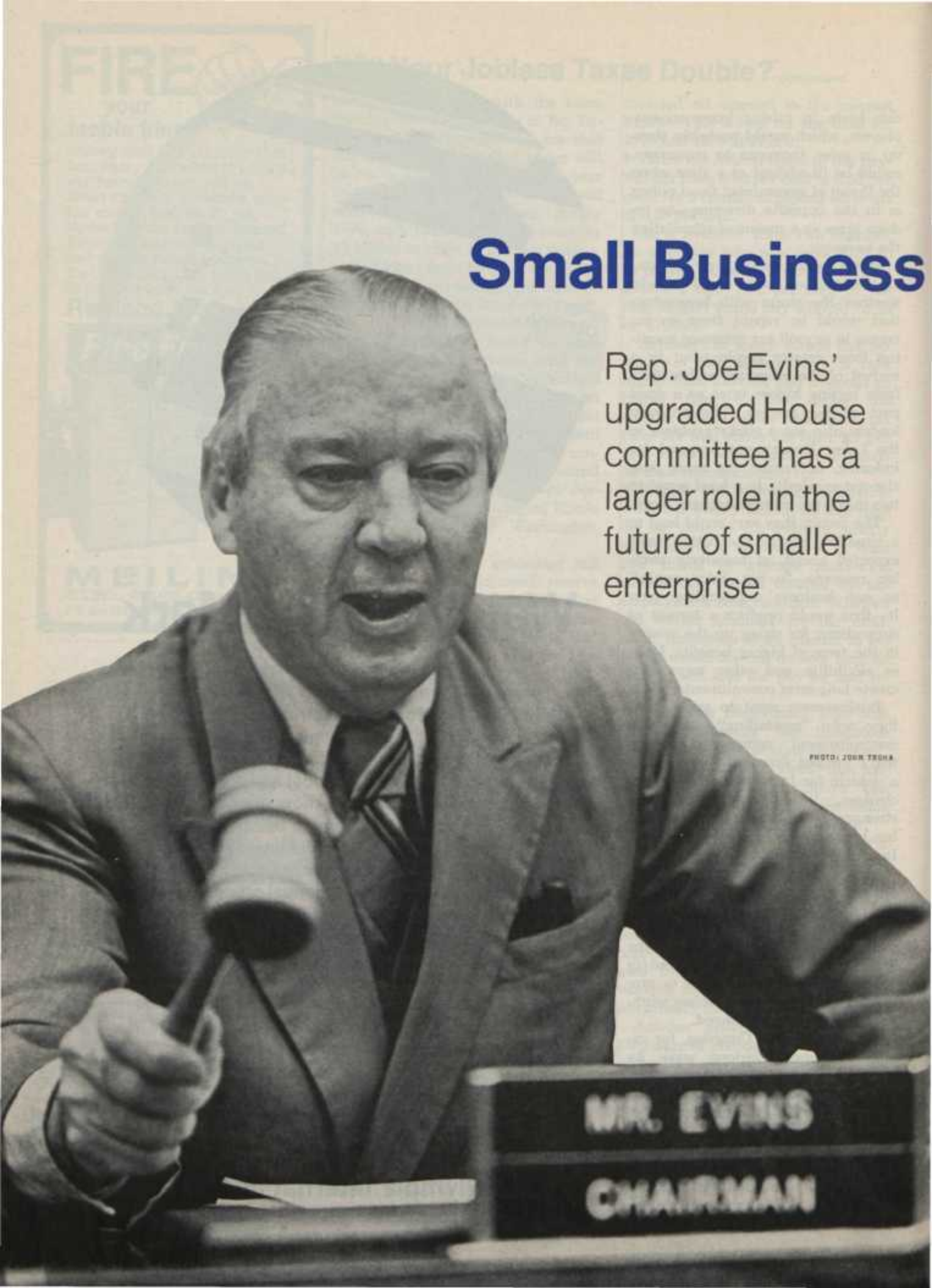


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## Small Business

Rep. Joe Evins' upgraded House committee has a larger role in the future of smaller enterprise

PHOTO: JOHN TRONK



# Watchdog With a Bigger Bite

The owner of a gasoline station was told by his supplier, a major oil company, that the property's appearance had fallen below the company's standards and that the firm would no longer sell him gasoline. The news was a crusher, since the owner could find no other source.

Operators of small trailer parks near two U.S. Navy installations had a similar hairy experience. They saw their businesses threatened by government plans to build duplicate facilities on the military bases.

Red tape was strangling other entrepreneurs. They sought Small Business Administration loans to finance the cost of complying with orders from the Occupational Safety and Health Administration. They ran into long delays.

A small baker supplying an Air Force base under a fixed-price contract also had a bone to pick with Washington. Soaring costs of sugar and other ingredients threatened him with bankruptcy.

As so many do, each businessman turned to his U.S. Representative about his problem, and the Congressman contacted a familiar source for help in such matters—the House Small Business Committee.

Committee personnel arranged a compromise for the gasoline-station owner: The oil company would continue to supply him but his signs and pumps would no longer associate his station with the company.

The Navy agreed to drop plans for building the competing trailer parks.

The Small Business Administration and the Occupational Safety and Health Administration developed ways to cut the red tape on loans for safety improvements.

The Air Force terminated the fixed-price bakery contract and ne-

gotiated a new one on a current-price basis.

Those cases, a tiny sampling of many dealt with by the Committee, demonstrate why now, more than ever, it considers itself the small entrepreneur's ombudsman in the nation's capital.

Its work has taken on added significance because of the problems thrust onto business by inflation, recession, energy supply worries and the thicket of new federal regulations.

## Promoted

In Congress, the House has generally taken the lead in the small business area, which covers the vast majority of companies. This was demonstrated by the upgrading of its Small Business Committee this year to the rank of "standing" committee, one with authority to send legislation to the floor in its own right.

During its 34 previous years of existence, Small Business had been a "select" committee, limited to investigating and reporting. (The Senate Small Business Committee remains "select.")

Now, the House panel has full legislative authority over the Small Business Administration, the operating agency for small business programs that originate in Congress. At the same time, it remains concerned about the full range of matters of concern to small enterprises, including the increasingly important issue of where to obtain capital. When it comes to legislation in those areas, the Committee continues to work through other standing committees with specific responsibility for such matters as taxes, government regulation and labor law.

Chairman of the Committee is

Rep. Joe L. Evins (D-Tenn.), who has represented his central Tennessee district in Congress for 28 years. A lawyer, he was on the Federal Trade Commission staff from 1935 to 1941, left for World War II service in the Army, then ran for the House on his return.

He has been on the Committee since 1949, and has headed it since 1966.

Congress has no more fervent supporter of small business than Joe Evins, who declares: "We have nearly nine million small businesses in this nation and they represent 95 per cent of all businesses and 50 per cent of the entire national payroll. They are a very important segment of our economy."

## Battle with big business?

He's quick to assert that "we're not opposed to big business. We are for small business." But sometimes it appears the Committee does see battle lines shaping up.

For example, a recent Committee report declared: "Chain stores, joint ventures, the exodus to suburbia, urban renewal dislocations, discount houses, big business shopping centers, automation, electronic computers and the general trend toward giantism remind us that the competitive status of the small business segment of our economy must be constantly observed in order to maintain a truly competitive free enterprise system."

Chairman Evins keeps a wary eye on the Commerce Department and the Office of Management and Budget, viewing them as overly solicitous of big business.

OMB, claims Mr. Evins, is "the big-business-oriented arm of the Executive branch." He suggests that



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## Small Business Watchdog With a Bigger Bite *continued*

agency is one reason why the Committee has run into Administration opposition over the years in pressing for increases in the direct, as opposed to guaranteed, loan program of the Small Business Administration.

As for Commerce, what is now SBA was once the small business section of that Department—which "relegated it to a minor position," Rep. Evins charges.

Later, he says, "the Commerce Department tried to recapture SBA. President Johnson sent John Connor, his Secretary of Commerce, to see me to ask if I would contact some key members around the Hill about putting SBA back into the Department."

But SBA's status as an independent agency was secure: "I opposed it," says the chairman. "The Congress opposed it. We said we wanted a one-stop, independent agency."

SBA today has 4,500 employees and a budget in excess of \$112 million. In addition to its Washington headquarters, the agency has 99 regional and other field offices.

To Chairman Evins, calling attention to the availability of SBA programs and fielding problems of businessmen who ask for assistance are important extras to the Committee's main job of legislation.

### How to get help

He advises businessmen to seek help either through their local SBA office, their Senators and Representatives or directly through his Committee. But he suggests that anyone turning to Congress should first get in touch with his own Senators or Representative, who screen such requests for routing to the Committee or elsewhere.

Generally, a small business is one that is independently owned and operated, that is not dominant in its field and that meets size standards set by SBA.

A manufacturer is considered a small business if its payroll for the four calendar quarters preceding a loan application did not average over 250 employees. But firms with up to 1,500 employees might qualify as small businesses, depending on their ranking in a particular industry.

For other businesses, the yardstick

is sales. In wholesaling, the maximum sales level ranges from \$5 million to \$15 million, depending on the type of business; in retailing or service, it's \$1 million to \$5 million.

As part of its change from select to standing status, the House Committee was enlarged—from 19 to 37 members—and its subcommittee structure was revised.

The additions include Mrs. Millicent Fenwick (R.-N.J.), the Committee's first woman member, and Rep. Berkley Bedell (D.-Iowa), who, with the help of an SBA loan, built a fishing-tackle business into a \$3-million-a-year enterprise. In 1964, he received the first annual Small Businessman of the Year award from then-President Johnson.

### An index to concern

A list of the subcommittees, with their chairmen, serves as an index to the areas of Committee concern:

Energy and Environment—Rep. John Dingell (D.-Mich.).

Small Business Administration and Small Business Investment Company Legislation—Rep. Neal Smith (D.-Iowa).

Government Procurement and International Trade—Rep. James C. Corman (D.-Calif.).

SBA Oversight and Minority Enterprise—Rep. Joseph P. Addabbo (D.-N.Y.).

Activities of Regulatory Agencies—Rep. William L. Hungate (D.-Mo.).

Commodities and Services—Rep. Charles J. Carney (D.-Ohio).

Rep. Silvio O. Conte (R.-Mass.), who has been in the House 16 years, is senior minority member of the Committee, which generally has been free of political squabbling. Chairman Evins describes its activities as essentially "nonpartisan."

Says Rep. Evins: "Congress has declared on a number of occasions that it shall be national policy to aid, counsel, promote and protect, insofar as possible, the interests of American small business. The Committee's concern is to carry out this mandate. . . ."

"The Small Business Committee serves our colleagues in the House, our constituents, the small business sector of the economy, and our country." END





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vere; the row of pawns are Fifers from General Washington's honor guard. The rooks on both sides are depicted by Fort Ticonderoga. The British king, in 24K gold-plate, is George III, king of Great Britain, with Queen Charlotte at his side. The Bishops are prime minister Lord Frederick North; the knights are officers of the 17th Light Dragoons known as the "Death or Glory Boys"; the pawns become Drummers of the Royal North British Fusiliers.

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# What Workers Think When

PHOTOS: BRIAN SEED FROM BLACK STAR



*When shifts change at Brymbo Steel Works, employees head for pints of beer at pubs*

Nationalization came twice to this steel firm in Britain—followed twice by denationalization. How the employees feel about all this may surprise you



# Government Grabs the Company



where Alfred Matthias, joint union committee secretary, often joins them for discussions of nationalization prospects and problems.

BRYMBO, Wales—There's nothing pretty about Brymbo Steel Works, where great furnaces and sheds perch high on a slag-heaped hill here in northern Wales. Bluish smoke is constantly in the air, the smell is acrid and a white shirt soon turns gray.

While off in the distance the countryside and farmers' cottages are pretty and orderly, clustering around Brymbo Works are unlovely Victorian houses; shabby greengrocers, fishmongers and other small stores; and twisting, narrow roads over which

big trucks carrying heavy steel charge back and forth.

This is beer and darts country, not a place for brandy and bridge games.

Unattractive as Brymbo is, it's home and hearth for 2,200 highly skilled workers, the great majority of whom are pleased to be here and want to keep the works as they are—that is, part of British private enterprise.

The last thing they want is nationalization.

Theirs is the voice of experience,

which should be heard against the hue and cry for more government control of business, and even for some nationalization, in the United States.

Brymbo Steel has been nationalized twice and denationalized twice. This gives its workers, 75 per cent of whom have been in the plant through both nationalizations, a unique view of government ownership and how it compares with private ownership.

To the chagrin of the British Labor Party, now in control of the gov-



## What Workers Think When Government Grabs the Company *continued*

ernment, and of tens of thousands of socialists and communists in or out of government and unions throughout Britain, Brymbo workers recently spoke their mind decisively on the subject of nationalization.

A poll was conducted on who they thought should own the works—the government or the engineering firm of Guest, Keen & Nettlefolds Ltd., which now owns Brymbo.

### A lopsided vote

The company should, said 97.3 per cent of the nearly 1,500 employees answering.

There was no playing fancy with the questions on the printed, secret ballot. Straightaway, it asked: "Are you in favor of Brymbo Steel Works continuing to be owned by Guest, Keen & Nettlefolds?" Another question was: "Do you consider that Brymbo Steel Works should revert to the [nationalized] British Steel Corp., that is to say, should be nationalized?"

Most answers were of the simple Yes or No variety, but some of those in the majority gave reasons. They are happier working under private ownership, they said. It's more efficient.

Polling was conducted by the Electoral Reform Society, a firm with an impeccable reputation. British unions often use it to conduct surveys.

Brymbo's parent firm, a \$2-billion-a-year giant better known as GKN, was deeply gratified by the results, and decided to go a step further with still another poll. GKN employs 120,000 people throughout the world, 80,000 of them in the United Kingdom. The British workers were contacted through impartial, reputable, Industrial Attitude Research Ltd. and asked if they felt the government should take over the largest companies in the country.

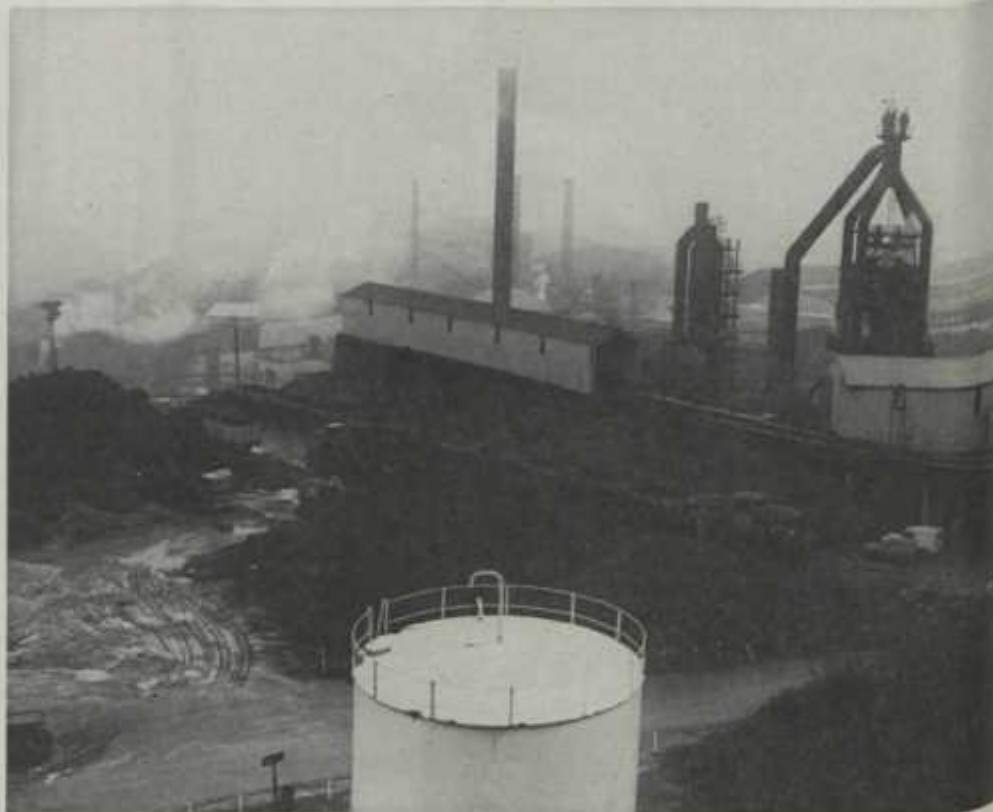
No, said 73 per cent of the responses.

GKN published results of both polls in advertisements in British newspapers and, as expected, the firm was criticized by socialists on grounds that it was playing politics with research. But there was never a claim that voting was rigged. The general public was left with the strongest of impressions that the av-

erage worker, regardless of job or income, does not like nationalization.

This belief, however, was not unanimous. Some of the largest, most militant unions are pledged to nationalization. Len Murray, general secretary of the Trades Union Congress, roughly the equivalent of the

Two other British opinion organizations recently took nationwide samplings of attitudes toward nationalization and both found decisive margins for private ownership. One, the Opinion Research Centre, asked 2,000 workers in various companies: "Taking everything into ac-



Clouds roll in off the Irish Sea and often turn the weather nasty around Brymbo. The steel plant is one of the world's most modern and efficient.

AFL-CIO in the United States, told NATION'S BUSINESS: "If you took a nationalization vote at some plants in other geographic areas, you might get opposite results."

GKN, he said, is a good employer.

Union leaders at Brymbo welcomed the vote. Alfred Matthias, secretary of the joint trades union committee on the Brymbo shop floor, said: "We have previously been with GKN, nationalized, denationalized, renationalized and then back to GKN. All we want is a job of work, and to be allowed to get on with it and to make some steel. This poll was not a political vote."

count, do you support or oppose the nationalization of your employer?"

The result was a thumping 67 per cent against nationalization, only 18 per cent for. Others were undecided.

London's most respected newspaper, *The Times*, which helped conduct the poll, commented: "Overwhelmingly, workers in Britain say, 'Hands off my firm. I am against it being nationalized.'"

The survey determined further that big multinational companies, many of which are American-controlled, are particularly well thought of by their British employees. Foreign-owned firms scored higher with



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# What Workers Think When Government Grabs the Company *continued*

their employees than did British-owned firms.

During the period when GKN was polling its employees at Brymbo and elsewhere, Prime Minister Harold Wilson's Labor government—which has been in office since February, 1974—was making claims for expanding nationalization in many different industries.

Anthony Wedgwood Benn, Secretary for the Department of Industry, led the way with emphatic views favoring government takeovers. Secretary Benn, an aristocrat who relinquished an ancient title, has extreme leftist views.

The Secretary wants prompt nationalization of all the large British aircraft makers, and eventual takeovers of the leading companies in various other industries. As "pack leaders," these big firms would set the tone and style for lesser companies in their industries—companies which would often be partially owned by the government. Also, Mr. Benn

wants "planning agreements" between the government and various companies which would give his ministry a loud voice in the companies' future plans.

One method Secretary Benn already is using to get control of companies is to lend government money at low interest to firms in trouble, with the government getting company stock as part of the deal. This technique was partially formulated by Edward Heath's Conservative government, which left office in 1974.

A list of 20 large companies which Secretary Benn purportedly has targeted for nationalization was discovered and published last summer. Unconvincing denials by the Labor government that it planned to nationalize the companies failed to persuade industrialists that their firms were safe. The list included GKN; two American companies—Esso, as Exxon is still called in Britain, and Ford Motor Co.; Bowater Paper; British Leyland Motors; Courtaulds;

Imperial Chemical Industries; Rank-Hovis; Tate and Lyle; and Unilever, parent of Lever Bros. in the U.S.

There was a storm of protest from business and even from many union leaders. Said Sir Gerald Thorley, chairman of Allied Breweries, one of the 20 firms: "They [the government] should have better things to do than to nationalize something that's working well."

Paul Jenners, GKN adviser on public affairs and former chairman of the International Publications Corp., which publishes magazines and newspapers, explained GKN had its polls taken because: "We felt our company was under attack, and we defended ourselves. When the government says it will take you over, you're under attack. Our publishing results of the polls was apolitical. We simply wanted to communicate the facts."

## Playing ping-pong

Despite the various polls, the Labor government is pressing on with nationalization plans. Meanwhile, the Conservatives are saying they will denationalize firms as soon as they regain political power—an event not expected for, at the very least, another four years. Conservatives have denationalized many firms before, in many industries.

They haven't, however, denationalized many firms more than once, as in the case of Brymbo Steel.

GKN bought the firm in 1948 from previous private owners. The Labor Party was in office then, but it did not get around to nationalizing Brymbo until 1951. GKN was paid for the property. That same year, Winston Churchill led the Conservatives back into office and in 1955 the government sold Brymbo back to GKN. Labor under Harold Wilson threw the Tories out in 1964 and in 1967 Brymbo was nationalized again. The Tories roared back in 1970 and in February, 1974, just ahead of Labor's return to power, Brymbo was denationalized and sold to GKN again.

So, back and forth, back and forth, Brymbo has gone. And now, judging from all indications, there soon will be another round of nationalization—which could well include Brymbo—despite the fact that the workers don't want it. —STERLING G. SLAPPEY



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For businessmen who are also family men—Pennsylvania is the logical choice.

## The businessman.

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"Pennsylvania is a state where the businessman can have a flourishing business without sacrificing a well-rounded human environment for his family. We want your business and your family in Pennsylvania."

## Pennsylvania.

For complete information write or call John J. O'Connor, Secretary of Commerce, Commonwealth of Pennsylvania, Suite 425NB, South Office Building, Harrisburg, Pennsylvania 17120. (717) 787-3003.



# Cutting Costs by Saving Fuel

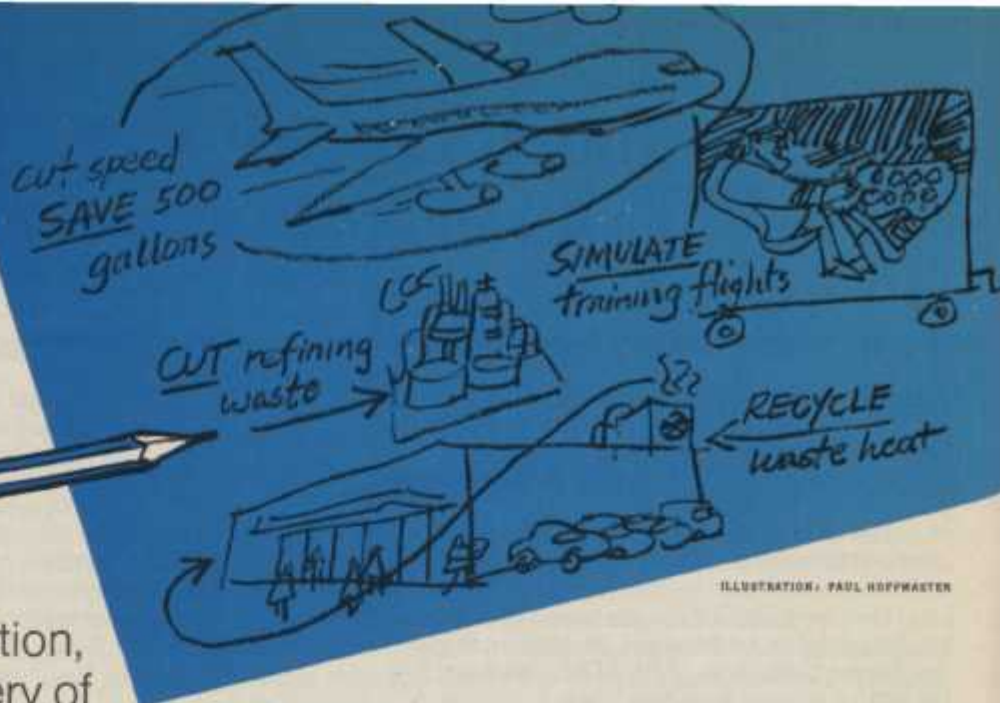


ILLUSTRATION: PAUL HOPPMAN

One way to whip inflation, and have more mastery of our destiny, is to reduce consumption of energy. Companies all over America are doing just that.

Notice a difference, as you wing your way on a swift, commercial jet?

Well, there is one.

Chances are, you're zinging through the sky at Mach .80. Until recently, you were whistling along at Mach .82.

So what, you might ask, are a couple of measly percentage points?

The answer is, a heck of a lot of fuel.

For a 747, on a four-hour flight, that 15-mile-an-hour cutback in speed saves more than 500 gallons of jet fuel. Yet the passenger steps off the plane, at his destination, only 16 minutes later than he would if he were flown at Mach .82.

All airlines are now fuel misers.

Last year, the Air Transport Association of America says, U.S. scheduled airlines carried 208 million passengers. That's six million more than the year before.

But the airlines used only 9.6 billion gallons of jet fuel. That's a billion less than the 10.7 billion they burned in 1973.

How did they do it?

By espousing the philosophy voiced by Albert V. Casey, chairman and president, American Airlines, Inc. He says his firm will try to limit its fuel consumption to 85 per cent of what it used three years ago.

American and other airlines have done more than ease back a bit on

the throttle. They've found a flock of ways to squeeze out more miles per gallon. For example:

- Changing the rate of climb and descent.
- Taxiing on two engines, not four.
- Using computerized flight planning more effectively.
- Making greater use of fuel-efficient aircraft.
- Trimming the fat off schedules.
- Simulating training flights on the ground—rather than the real thing aloft.

Says Capt. Howard G. Mayes, vice president, flight technical services, United Airlines:

"We're using flight simulators for all proficiency checks. The FAA requires them, every six months, for an airline captain. He has to take off, cut one engine, go up to 12,000 feet, and make steep turns and instrument approaches. All kinds of maneuvers.

"At one time, this was all done in the airplane. Now it's done on the ground in a simulator—a very sophisticated machine whose remote ancestor was the World War II Link trainer. A proficiency check in a real DC-10 would take about an hour and a half—and use up about 5,000 gallons of fuel."

Soaring oil prices, in the fall of 1973, provided a strong incentive for conserving energy.

Then, in the fall of 1974, President

Ford called on business to help whip inflation now. One way, he suggested, is to cut consumption of costly imported petroleum. He also wants to make America less dependent on it.

## Fine-tuning at refineries

In the United States, about one third of all energy is consumed by business, the National Petroleum Council estimates. Refiners, it adds, are among the heaviest users. Therefore, their industry has one of the greatest potentials for savings.

Exxon Co. U.S.A., like other American oil companies, has a far-reaching program in operation.

"We're going after total savings of more than six million barrels a year," says Robert I. Taylor, coordinator for energy-savings programs in the company's refinery department.

"That means our goal, by the end of this year, is to use 15 per cent less than we used in 1973.

"We've already cut it 10 per cent."

How?

By insulating equipment to reduce heat loss, using smaller, more efficient pumps and compressors, and do-it-yourself power generation—employing high-pressure flue gas to drive turbines.

Exxon's target, six million barrels, is enough to heat homes in a city of 600,000 people for a full year.

"There have been some tremen-



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## Cutting Costs by Saving Fuel *continued*

dous cutbacks in the last 18 months," a Petroleum Council spokesman says, "just through better energy management. Cost is a big factor. When energy is cheap, it goes up the chimney."

It doesn't just go up the chimney at a Safeway store in St. George, Utah.

### Heat from cooling

"We have a lot of refrigeration equipment—walk-in boxes for bulk storage, and 1,500 feet of linear display space for items like ice cream, dairy products and produce," says manager Robert Ward.

"That's a lot of refrigeration. And it gives off a lot of heat."

"We're taking air that's warmed up by the condensers in our refrigeration equipment, and using it to help heat the store."

"It used to be blown out of the store by an exhaust fan. Now it's blown into the hot-air ducts."

"As a result, our cost of heating this store is about the same as it was for an old one we were in before. Yet, we have 18,000 square feet of space here, and had only 9,000 in the old."

St. George, pop. 7,097, is doing a lot of things to use fuel more efficiently, says A.I. Elmer, executive secretary of its Chamber of Commerce.

The town, 30 miles from the Mojave Desert on the throughway to Las Vegas, is grass-roots America.

But the same personal concern to waste less and manage better is found in board rooms and back rooms in communities of all sizes.

Giant Food, Inc., an East Coast chain with 105 supermarkets, has a "waste watchers" committee.

At its stores now, the lights are a little dimmer in the canopy over the entrance, and inside. Where there once were three or four fluorescent bulbs, there now are two.

In Giant's produce warehouse, the lights are switched off from 11 p.m. Friday until Sunday morning. Same for its meat warehouse. In its grocery warehouse, the blackout's daily—from 10 p.m. to 4 a.m.

The company used 242 million kilowatt hours of electricity in 1973. Last year, it used 204 million.

California's Bank of America has appointed 1,000 "energy czars"—one to each of its community offices, as it calls its individual banking facilities—to save on juice.

"They've done a lot of things," a bank spokesman says.

"Like cutting down interior lighting 50 per cent. And doing away, where possible, with outside lighting—not, of course, where it's for security reasons. The czars also have seen to it that thermostats are set at 68. In summer, the air-conditioners are set to kick on at 75."

The bank's goal in 1974 was pruning electrical consumption by about 25 million kilowatt hours.

"But we went way over our target," the spokesman says. "We actually got by with 58 million fewer kilowatt hours than in 1973."

How much is that?

Enough to provide electricity for 19,400 homes for a year, the bank estimates.

### A different road

Some businessmen have saved fuel not by cutting back on its use but by finding substitutes for it.

"That was our approach," says a member of the National Asphalt Pavement Association.

"Most of us are producers as well as paving contractors. We make hot-mix asphalt and put it down on roads, parking lots, airports—places like that."

"We used to cut it back with kerosene or diesel fuel—petroleum-based thinners. Now we use chemical thinners, which are less costly than today's high-priced fuel."

"Same way with truck beds. We used to spray diesel fuel on them to keep the asphalt from sticking. Now we use little or none. We've switched to a chemical agent that does the same thing."

Saving: About \$1.9 million worth of fuel.

That means conservation of petroleum, of course. But it also helps curb inflation by cutting costs.

And cost-cutting is more than a short-term commitment, or a recent goal, for most firms. In a competitive, free enterprise system, it's often a matter of survival—for a country, as well as a company. **END**





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*Hong Kong's main commercial district overlooks its harbor, one of the finest in the Far East. The crown colony's area is only 391 square miles, but it has a population of well over four million, including many refugees from Red China.*

Hong Kong, the British crown colony nestled against China's southern coast, is meeting the challenges of inflation and recession.

World-wide economic difficulties have reduced demand for the broad range of consumer goods—from garments and textiles to toys and electronics products—made in Hong Kong for export. But the colony's manufacturers have had reasonable success in overcoming this by producing higher quality goods and by expanding markets.

Though Hong Kong exports decreased in volume in 1974, they totaled \$4.6 million, a dollar increase of 18 per cent over the previous year.

Herbert L. Minich, executive director of the American Chamber of Commerce in Hong Kong, acknowledges that economic slowdowns in other parts of the world can be disruptive to Hong Kong because the colony "is largely dependent upon international trade and commerce for her livelihood and growth." He stresses, however, that the local business community is "very innovative and readily capitalizes on opportunities," and adds: "Hong Kong is well-equipped to tighten her belt if required. She is capable of seeking new markets and being competitive."

*Prepared in cooperation with the American Chamber of Commerce in Hong Kong.*

He feels this competitiveness is "stronger than it was two years ago relative to her neighbors in Taiwan, South Korea, Japan and Singapore."

Hong Kong has many assets for business. Heading the list is its labor force, noted for a high level of productivity and for flexibility in adapting to changing needs.

A government laissez-faire policy allows business to thrive with little interference. Red tape is kept to a minimum. One hundred per cent foreign ownership of companies is allowed and there are essentially no duties, import restrictions or currency regulations which inhibit operations. The tax base is a low 15 per cent.

Hong Kong is located in the heart of the Asian-Pacific region. Its international airport permits convenient travel throughout the region and the world. In addition, the colony provides a sophisticated network of communications, with excellent telephone, telex and cable facilities. Banks, insurance companies, etc., also serve the business community.

These favorable conditions have contributed to the decisions of more than 300 American companies to locate regional headquarters in the colony.

Hong Kong is not free of inflation, but the rate has leveled recently and, as Mr. Minich observes, the colony "is better equipped than most coun-

tries to adjust to inflation's consequences." He notes that "Hong Kong does not spend more money than it earns; likewise, labor costs have kept within productivity increases."

Rents for suitable housing in Hong Kong, though very high by international standards, are beginning to show a slight decline. A lack of outdoor recreational facilities is a drawback for foreigners, but on the other hand Hong Kong offers both government and private schools, including an international school which follows the American curriculum.

To guarantee continued growth and prosperity, the government is increasing efforts to encourage direct foreign investment in industrial projects. Officials of Hong Kong's Department of Commerce and Industry and of its Trade Development Council have been traveling to Europe, the United States, Japan and Australia promoting the colony as an ideal site for industrial ventures in Southeast Asia. Their hope is to attract sophisticated, high-technology industries which will provide stable employment and improve Hong Kong goods' position in international markets.

Foreign industrial investment in Hong Kong now totals \$500 million. The United States is the principal source, with about 44 per cent, followed by Japan, with 20 per cent.

A new government policy makes industrial land available for sale to suitable organizations by private treaty. Industrial parks geared to providing a range of necessary services are now on the drawing board.

Though Hong Kong's population of 4.5 million provides only a limited market for its manufacturers, they have easy access to the Asian-Pacific area—the Philippines, Singapore, Malaysia, Indonesia, etc.—and to its growing markets.

All in all, Hong Kong has tremendous potential for business. The colony's businessmen see 1975 as a difficult year, but they are optimistic about the future.

As Mr. Minich puts it, Hong Kong's "productivity is second to none, her currency is strong, and her initiative and ability to react positively to changes in the world situation are outstanding."





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# Clinton Morrison of First Minneapolis

**The new chairman of the National Chamber has a basic goal: To get this country "pulling together again"**

Clinton Morrison considers himself a man who has gone through life being a "nonexpert among experts."

But he has acquired considerable expertise in a variety of fields. They include the oil industry, in which he started his career; banking—he is now vice chairman of the \$1.8 billion First National Bank of Minneapolis; and the arts, in which he takes a keen interest. Plus public service, in which he has wide experience.

Now he has been named chairman of the Chamber of Commerce of the United States for the next 12 months.

The tall, silver-haired native of Minneapolis takes over as chief elected officer of the nation's largest business organization at a time that he feels is one of great challenge.

"If we can begin to get the seed planted that it is necessary for all elements of our society to pull together, if we can get just the least bit

of a start on that, then we have gotten somewhere," he says in describing what he hopes to accomplish as chairman of the Chamber.

Mr. Morrison, 60, began his business career with Shell Oil Co. After World War II military service, he joined the Vassar Co., a textile knitting firm in Chicago which is now an affiliate of Munsingwear. (He is a Munsingwear director.)

Then he was asked by President Eisenhower to serve on a mission to review the foreign aid program in Taiwan. This led to his appointment as deputy regional director in charge of all foreign aid in the Far East.

In 1955, he joined First Minneapolis to manage businesses in trust, and later became head of its Trust Department and chairman of its Trust Committee. He still holds the latter title, along with his vice chairmanship of the bank.

First Minneapolis is the largest unit in the First Bank System, Inc., a regional bank holding company headquartered in the twin cities of Minneapolis and St. Paul.

A member of a pioneer family that came to Minnesota more than a century ago, Mr. Morrison has been active in an almost endless number of

civic and business organizations in his community and state. He has given a particularly large share of his energy and his time to the Minneapolis Society of Fine Arts, whose Institute of Arts, located in the heart of the city on the site of what once was the Morrison family farmstead, is recognized as one of the country's leading cultural centers.

Mr. Morrison, a lifelong bachelor, last month married Mary Dalrymple, widow of a Minneapolis and North Dakota businessman and farmer.

With a twinkle in his eye, the newlywed admits he "may have to change a few habits."

Mr. Morrison is a strong believer in the nation's competitive free enterprise system. And he believes that "businessmen have a major responsibility toward keeping our communities civilized places in which to live, where values in life have a paramount place."

In his office, adorned with modern art, in the First National Bank building, he talked about himself and his philosophy in an interview with NATION'S BUSINESS editors.

*How did the Morrisons come to Minnesota?*

*The National Chamber's chief elected officer not only has won prominence as a banker, but also has been prominent in other fields. He has given much time to the Minneapolis Society of Fine Arts, in whose Institute of Arts he is shown here.*





Chairman of the trust department, as well as vice chairman of the \$1.8 billion First National Bank of Minneapolis, Clinton Morrison has found his trust work "extremely exciting." He explains: "You are investing in the industrial growth of the nation."

## Clinton Morrison *continued*

My grandfather and my great-grandfather came out together in the early 1850s from Livermore Falls, in Maine. They were in the lumber trade. My great-grandfather was the first mayor of Minneapolis when it combined with the village of St. Anthony, and he built up a business here in lumber, flour mills and banking. Early industry was based around St. Anthony Falls and its waterpower here on the Mississippi.

My great-grandfather's farm in those days was about where the Minneapolis Institute of Arts is now located, between 24th and 25th Streets. Incidentally, my grandfather donated the land for the Institute.

*Why did a North Country native go East for his education?*

Actually, I was just following in my father's footsteps by going to Hotchkiss and Yale. I wasn't following him, though, when I went to graduate school at Harvard. My father's profession was medicine, and I was going the business route, which was more of a family tradition than medicine.

But it wasn't really unusual for a person to go through grade school here, then broaden his experience by going away to prep school and college. I think it's a very good thing to go away from home to complete your

education. You have to learn to adjust to different circumstances.

I might say, apropos of that, that there was nothing I wanted to do more than come back to Minneapolis after I got out of graduate school. But I was convinced I should make my own way somewhere else, so I accepted a job with Shell Oil Co. in St. Louis, and although I never intended to live in New York City, moved there within a year. Then I came to banking to manage businesses in estates and trusts.

*I'll bet you've found banking fascinating.*

Yes. A lot of people would think of trusts as being dull. Far from it, since you are investing in the industrial growth of the nation.

If you look at it that way, it becomes extremely challenging and extremely exciting. You are performing a very real service.

*Does your varied experience in your career lead you to subscribe to the philosophy that a good manager can manage in any field?*

Well, let me put it another way: I think it helps you to be a better banker to have had some practical background in business as well.

I guess I have spent my life being a nonexpert among experts. After I

was drafted into the Army and after completing officer candidate school, I was assigned to the Quartermaster General's office in research and development.

*I understand you served in the government during the Eisenhower Administration. How did that come about?*

In 1953, President Eisenhower asked me, along with a number of other businessmen, to serve on teams that were to look into our foreign aid programs throughout the world. The team I was on was assigned Taiwan.

One of the other members was Dr. Raymond H. Moyer, who had been an agricultural missionary in China. He later became director of the aid program in the Far East and he asked me to join him. He had the Far Eastern knowledge and I guess I had the administrative knowledge, so we worked well as a team.

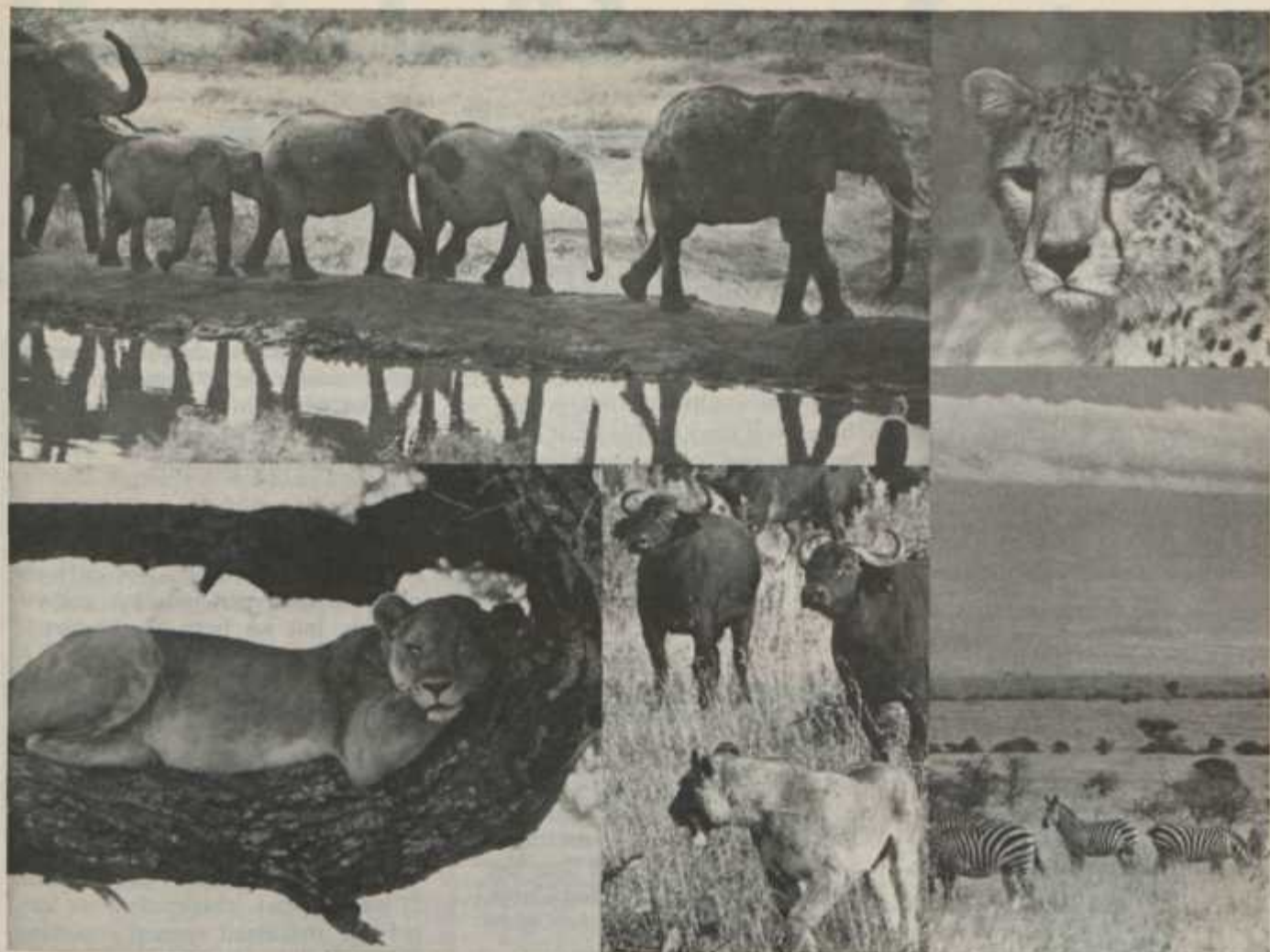
*How long were you involved in this?*

For the better part of two and a half years, I guess.

*Foreign aid is under a great deal of criticism in Congress today and was then, too. What do you think about it?*

You know, I look at foreign aid in several ways. I'm not a believer in





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## Clinton Morrison *continued*

the theory that you solve all the world's problems by getting all countries' standards of living up to those in the West. No country went through the industrialization process without considerable trauma.

On the other hand, if we can help a country through this process, perhaps the experience will be less unsettling.

*The economy is uppermost in people's minds these days. What role do you see for the Chamber in this time of economic uncertainty?*

Let me ramble a bit on the economy first.

I don't think our people have really awakened to the fact that we now are far more dependent on the rest of the world for raw materials than we ever were before. Oil is a perfect example.

And we can't just retreat behind our own borders if we wish to maintain the quality of living that we have been used to. We must be much more a part of the world and, importantly, very competitive in world markets.

We have a tendency sometimes to come up with short-term solutions to things that only innovativeness, imagination and good, hard work will really solve.

I would say that from the Chamber's standpoint, there are several things that should be done. For one thing, it would be helpful if we re-established a set of broad principles against which we can judge the actions of ourselves and of our representatives in government.

*What do you think is wrong with our economy today?*

It's on dead center. Not only do we have combined inflation and recession, but we have another basic problem—a lack of confidence.

*Lack of confidence among businessmen?*

On the part of the people in general. What is particularly right with our economy, and our country if you will, is that we are a free people with an immense amount of imagination. If we use that imagination, we can get our industrial economy moving again. We'll be all right.

As I've said, we now are highly dependent on the rest of the world for raw materials. And yet we are living just as we always did. We need an awareness that life isn't going to be quite the same as it was before and that if we don't get humping a little bit we aren't going to be able to compete.

*So our thinking will have to change.*

We certainly have to be smarter. We have to unite among ourselves and get on with the job.

*What will get people to understand that things aren't going to be the same?*

Our public officials will have to quit fogging up the issue. Take the trade negotiations with Russia, which got all tied up with immigration to Israel.

This was really what I call fogging up the issue.

Also, some of the ecologists, I think, tend to have tunnel vision. Some businessmen do, too.

*Are you saying we need leadership*

### OTHERS IN POSITIONS OF SPECIAL RESPONSIBILITY



Mr. Richey

Herbert S. Richey, president and chief executive officer of The Valley Camp Coal Co., Cleveland, Ohio, is the new vice chairman of the Chamber of Commerce of the United States.

Mr. Richey is a past president of the National Coal Association and has served the Chamber as a director and vice president. He has also served as chairman of the Chamber's Natural Resources Committee and as a member of its Budget Committee.

Educated at Augusta Military Academy, Case Institute, and the University of Michigan, where he graduated with an engineering degree, Mr. Richey was a Navy lieutenant in World War II. He and his wife, Martha, have one son and one daughter and live in Bath, Ohio.

Charles H. Smith Jr., chairman of the board of SIFCO Industries, Inc., Cleveland, and past chairman of the board of the Chamber of Commerce of the United States, is the new chairman of the Chamber's Executive Committee.

Newly elected as treasurer of the National Chamber is Aaron S. Yohalem, senior vice president and director of CPC International, Inc., Englewood Cliffs, N.J.

Reelected as vice presidents are:

Marion M. Fidler, chairman of the board, Mountain Fuel Supply Co., Salt Lake City, Utah.

Daniel L. Goldy, president and director, International Systems and Controls Corp., Houston, Texas.

David L. Grove, vice president and chief economist, IBM Corp., Armonk, N.Y.

Newly elected as vice presidents are:

William K. Eastham, president and director, S.C. Johnson & Son, Inc., Racine, Wisc.

Paul Batcheller, president, Zip Feed Mills, Inc., Sioux Falls, S. Dak.

William G. Whyte, vice president-Washington, United States Steel Corp., Washington, D.C.



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**1.** We have the greatest amount of freedom for the individual of any country in the world. Freedom of choice. Of religion. Of thought. Of speech.

**2.** We have a system of public education, higher learning, and continuing adult study offering rich intellectual fulfillment to all who accept its opportunities.

**3.** We have the strongest economic system, and incentive for individual productivity, of any country in the world.

**4.** We have a highly productive and fertile soil and a skilled, motivated, splendidly equipped agricultural community.

**5.** We have a surplus of moral energy and courage. We're a better country for it.

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**6.** We have a willingness to experiment with different forms of social, economic and political organization — keeping what works and discarding what doesn't.

**7.** We have, above all, a will to improve, to achieve, to share, to accept the responsibilities of leadership, to be neighborly and to become something more tomorrow than we are today.

**8.** We have the freedom of our communications media to encourage the development and expression of informed opinion. And a growing concern for personal, governmental, and commercial ethics and behavior.

**9.** We have health facilities and a medical delivery system of exceptional quality.

**10.** We have a great wealth of investment capital, much of it waiting encouragement to be used in the development of jobs and productivity.

**11.** We have extraordinary technical and scientific talent, constantly working to improve our living standards and expand our knowledge of ourselves, our world, and the universe.

**12.** Now it's your turn. Tell us what you think is right with America. Write just one statement or as many as you like. We'll publish selected statements, each with a name and hometown credit.

On the attached sheet I've written what I think is right with America.

☐ Please send me a copy of the speech "What's Right with America," by Arch Booth, President, Chamber of Commerce of the United States.

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Mail to: What's Right With America, Chamber of Commerce of the United States, Washington, D.C. 20062.

## Chamber of Commerce of the United States

Washington, D.C. 20062

A federation of chambers of commerce, trade and professional associations, business firms and individuals dedicated to strengthening the competitive enterprise system — for the greater good of all.





PHOTO: SHERIDAN GORDON

Mr. Morrison and the former Mary Dalrymple were married three weeks before he assumed office in his new position with the National Chamber.

## Clinton Morrison *continued*

*with the ability to see the whole picture?*

That's a bit oversimplified—but basically true.

*You've said: "Businessmen have a major responsibility toward keeping our communities civilized places." Could you elaborate?*

I sometimes get a little tired of businessmen saying something "is good for business," or "not good for business." I can sympathize with that point of view, but business is a means to an end—it is not an end in itself.

What we are really looking for is a quality of life in this country.

This is why First National Bank of

Minneapolis, in a small but rather fundamental way, has included a social-environmental audit in its annual report.

*You feel that life has to be more than one-dimensional?*

Yes. You have to remember that people do not live by bread alone.

*You've been very involved in many civic groups. How much should businessmen involve themselves in such activities?*

The head of a business must be deeply involved in what makes this a great country—he has to do more than just run his own business well. There are duties as a citizen that are simply nondelegatable.

*On a personal note, what are your hobbies?*

Oh, I have a boat I enjoy very much. I like to play golf—the balls I hit go a long way, but seldom in the right direction. I like to play tennis and try to do it twice a week in the wintertime.

And I fish. But, although I live on a lake, I don't really fish all that often.

*Do you have a particular goal as chairman of the National Chamber this year?*

Well, my basic goal is to get this nation pulling together again. If we can begin to get the seed planted that it is necessary for all elements in our society to pull together, if we can get just the least bit of a start on that, then we have gotten somewhere.

We have to plan and gear ourselves for a world which is in a rapid state of change, and this applies to Chamber programs as well.

*Despite the seeming mountain of problems today, I take it from what you have said that you have abiding faith in the competitive enterprise system.*

You better believe it. I feel we have got to give the businessman his head.

Let's unfetter him so he can innovate, create and, importantly, reap the rewards that will encourage further innovation and progress. If businesses are not allowed to make profits, then they cannot attract the additional capital that is required to move our commercial system forward.

Let's not forget that commerce is everybody's business. It plays a vital role in giving the citizens of this country a quality of freedom, a quality of life, that is unrivaled in the world. END

REPRINTS of "Lessons of Leadership: Part CXX—Clinton Morrison of First Minneapolis" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.



A BICENTENNIAL SALUTE TO AMERICAN CITIES:

# CINCINNATI







The mighty Ohio River and corn were Cincinnati's basic economic building blocks, and still play large roles. The river not only offers recreation including that of the Delta Queen Steamboat Co., headed by Betty Blake (left), but it provides easy access to raw materials such as coal—vital to steelmaking—and helps move finished goods to markets. On the edge of the nation's rich corn belt, Cincinnati became the pork-packing capital of the world by 1850. Tallow led to soap, the foundation for thriving chemical and pharmaceutical industries of today, and though no longer premier in pork-packing, the city remains a food-processing center.

**PREVIOUS PAGE:** The 104-year-old Tyler Davidson Taylor Fountain graces Fountain Square, traditional Cincinnati public meeting place.





Top left: America's oldest school of its kind, the University of Cincinnati gives the Queen City a steady thrust toward technological innovation. Former Astronaut Neil Armstrong (foreground), member of a faculty headed by dynamic President Warren Bennis (rear), teaches aerospace technology. Top right: Vital to the city is vigorous economic development led by the Greater Cincinnati Chamber of Commerce. In its modern foyer are President William N. Liggett (foreground), who is also board chairman of The First National Bank of Cincinnati, and Executive Vice President Frank E. Smith.

## CINCINNATI:

### Earning—and enjoying—the good life

When the stern-wheeler *Delta Queen* sounded her horn and swung around a bend in the Ohio River one day a few years ago, a group of European passengers on deck were amazed at the similarity between the appearance of Cincinnati and cities on the Rhine in Germany.

On shore they found more similarities. More than a third of the people were of German ancestry. Much of the architecture, affectionately called "Sauerbraten Byzantine" by some of the locals, gave the city an Old World flavor.

There were breweries and outstanding restaurants, and instead of saying "Excuse me" when they bumped into you, people said "Please." And some pronounced their city's name with a Z.

Superimposed on all this, however, was the unique flavor of a historic (now 187 years old) American city. Originally named Losantiville, later renamed Cincinnati after a society of Revolutionary War officers, the city has been called many things.

Henry Wadsworth Longfellow, extolling the virtues of the Catawba wine made in the area, called Cincinnati the Queen of the West. A center of the arts, it also has been referred to as the Athens of the West. In between political careers in the 1930s, journalist Winston Churchill described it as the "most beautiful of America's inland cities."

A lot of hands had to get dirty and

the product of honest toil had to be marketed to make Cincinnati all these things.

Today a major transportation and industrial center, the Cincinnati area ranks fourteenth in the nation in value added by manufacturing. It is also a key center for wholesaling, retailing, insurance, finance, medical services, other service industries and government.

While understandably proud of their broad-based economy, Cincinnatians are patently prouder of the city's life-style. "It is friendly but not frivolous, sincere but not extravagant. . . Its theme is that of reliability, frankness and social responsibility," says Dr. Charles M. Barrett, president of Western-Southern Life Insurance Co.

Walter Friedenberg, who has knocked around the world as a foreign correspondent and is now editor of the *Cincinnati Post*, delivers this judgment: "This is a civilized community."

Brady Black, editor of the *Cincinnati Enquirer*, agrees, and adds: "It has a measured beat about it."

That wasn't always so. At one time Cincinnati was raucous and lusty. Between 1840 and 1850, its population grew three times faster than New York City's.

The Ohio River, a major artery of westward migration, was the first great influence on the city, which was settled in 1788 by 26 pioneers

from New Jersey. Along most of the Ohio, from Pittsburgh, Pa., to Cairo, Ill., where it joins the Mississippi, high bluffs rise close to the banks. There is only one sizable break in the bluffs, and that's at Cincinnati, a site that offered a natural route to the north and room to grow, and was 100 feet above the often-flooding river.

#### Our first boom town

By 1810, with 2,230 residents and peace with the Indians, Cincinnati had become the fledgling nation's first big boom town. The population was close to 10,000 in 1819, when the city was incorporated, soon after Ohio gained statehood.

Then came the Germans, later the Irish.

The city directory in 1825 listed only 64 residents with German surnames. But 25 years later, the figure topped 50,000. Over a quarter of the population were German-born.

Two things prompted this: In 1815, Dr. Daniel Drake, a local physician and teacher, wrote a history of the area which was translated into German and widely distributed in that language's home country. Secondly, political turmoil in Germany prompted not only intellectuals but craftsmen as well to emigrate to the U.S. Dr. Drake's work influenced many a choice of locality.

Unquestionably the major influence on the city in the Nineteenth



Century, the Germans nourished the arts, particularly music. They built breweries and brought thrift—they launched hundreds of community savings and loan institutions. Jews among them started the Reform Judaism movement.

The "Over-the-Rhine" area of downtown Cincinnati, original settlement for the newcomers, still retains much of an Old World atmosphere, with the original houses flush with the sidewalks. Now primarily home for the city's blacks and for whites from Appalachia, it's rundown but undergoing extensive rehabilitation.

Many structures in this old section were built with brick walls two feet thick, to last centuries.

Corn from fertile farmland stretching to the north and west has played a vital part in the area's development. With steamboats plying the Ohio River to open the door to the West, the city became a provisioner for an expanding nation.

Hog production became big business when a rock salt process for curing pork was developed in 1810. The city became known as "Pork-

opolis," and by the middle of the century was the world's leading pork-packing center. Although the coming of railroads and refrigeration later stripped it of that title, it still is a major center of meat-packing and other food-processing. The Kroger Co., the nation's sixth largest food chain, is headquartered in the city.

From the pork business came tallow and one of Cincinnati's leading enterprises—The Procter & Gamble Co. In the 1830s, James Gamble, a soapmaker, and William Procter, a candlemaker, happened to meet while courting two sisters, whom they eventually married. The result was an international firm that today ranks 30th nationally in sales.

German immigrants brought with them the science of toolmaking, and through the years, the city has earned an international reputation as a tool-making center. Cincinnati Milacron, Inc., the nation's 380th corporation in sales last year, sprang from such beginnings.

Cincinnati is headquarters for The Ohio River Co., the river's largest barge enterprise, and for a one-of-a-

kind passenger line, the Delta Queen Steamboat Co. The latter firm's one vessel (another is to be launched next year), the *Delta Queen*, is the only overnight packet in operation on the nation's river system.

Several years ago, government marine inspectors passed a death sentence on the half-century-old wooden vessel. The city and many people around the nation rallied to the cause and a waiver was granted so the *Delta Queen* could continue to operate.

"I think the people of Cincinnati are coming back to the river," says Betty Blake, head of the Delta Queen Steamboat Co. "Our trouble made them again aware of the river, which for years they had turned their backs on."

#### Take me out to the ballgame

Actually, the turning back had started a few years before with construction of Riverfront Stadium on the site of old city steamboat landings.

Rising beside the stadium—home of the National League's baseball Reds and the American Conference football Bengals, is a new \$20-million coliseum. To the east, along the river, is a magnificent serpentine walk. On the land side, it will be lined by a park, high-rise apartment buildings and a hotel.

A phalanx of expressways cuts between the riverfront and downtown but from downtown it's a short walk to the stadium. And if the home team wins, Cincinnati's often jubilantly congregate in broad Fountain Square, the city's traditional meeting place. In times of trouble or joy, citizens swarm to the square.

Also enjoying a revival is the downtown section. Cincinnati's is compact and walkable. To enhance this feature, the city has built covered, elevated walkways over alleys interconnecting the blocks and over streets and freeways. Reached by escalators, these skyways, as they are called, are second-story level, and sometimes run smack through newer buildings, even a bank lobby.

Mixing with the new is an old form of transportation. More tonnage moves past the city's front door on the river each year than traverses the

## Western-Southern Life is proud to be a part of Cincinnati

We founded our Company in downtown Cincinnati in 1888 and have been headquartered here ever since. This is a great city, and we look forward to sharing in the growth and vitality of this community in the years ahead.



Western-Southern Life

Dr. Charles M. Barrett, President



Panama Canal. A not-uncommon sight are 1,000-foot-long strings of barges carrying coal, gravel, sand, petroleum and chemicals. They inch their way under seven bridges spanning the river, which has been tamed by a series of locks and dams for hundreds of miles in either direction.

A few miles north of these sluggish vessels, at the University of Cincinnati, is a man who has traveled thousands of miles per hour faster.

The city's relatively slow pace agrees with astronaut Neil Armstrong. Now a professor of aerospace technology and stubbornly guarding his privacy, this modest hero who was the first man to set foot on the moon could have named his job anywhere, but he chose Cincinnati.

Why?

"The University of Cincinnati offered me the kind of job I liked."

Obviously others wanted to capitalize on his fame, but the school, the nation's oldest municipal university, offered him a purely academic posi-

tion with no demands or efforts to involve him in public appearances.

Cosmopolitan Cincinnatians see nothing unusual about a man wanting privacy and they respect his wishes. Yet for all his fame, Prof. Armstrong may never make the city's social register.

A listing there is far from automatic. Top corporate executives, if they live in Cincinnati long enough, may get serious consideration, but their children are more likely to make it than they.

The premier social organization is the exclusive Queen City Club, which, as one discerning guest noted recently, "has the good grace to serve good Caspian Sea caviar."

Daniel J. Ransohoff, an adjunct professor at the University of Cincinnati, and a descendant of early settlers, says Cincinnati was built on the concept that you make something and sell it to others. In 1840, manufacturing was about 90 per cent of the economic effort, he notes.

However, today, the production of durable and nondurable goods occupies a smaller proportion of the Cincinnati scene.

Seeking a broadened economic base, the city, under leadership of the Greater Cincinnati Chamber of Commerce, has set its sights on diversifying into the medical, environmental and warehousing-distribution industries and on capitalizing more on the Ohio River for transportation and recreation. The city is the nation's fifteenth largest port.

### Keeping their cool

"The thing that has made Cincinnati great," says Frank E. Smith, executive vice president of the group, "is that the people have kept the city manageable. They don't deal out of crisis. They keep control of change and thus determine what is going to happen."

Normally a calm populace, the citizens in the past have shown some unexpected reactions. In 1884, for ex-

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## Financially sound\*

- Uninterrupted Dividends since 1879
- AAA Rating
- Revenues: \$176,168,000
- Net applicable to common: \$21,568,000

## Big enough\*

- Total Assets: \$439,997,000
- Common Shares: 7,013,096
- Shareholders: 19,024
- Telephones: 1,003,247
- Customer Accounts: 538,816
- Traded on NYSE

## Innovative

- Leader in percentage of customers served by electronic switching equipment.
- One of the first to open PhoneCenter stores.
- First telephone company to reduce operating costs through Directory Assistance charging.

## Cincinnati Bell

Share owners in all 50 states... locally operated since 1873

\*Data from our 1974 Annual Report. Glad to send you a copy. Please write R. H. Allen, 225 E. 4th St., Cincinnati, Oh. 45202



ample, angered over the verdict in a murder trial, an inflamed mob burned the courthouse.

And in the 1920s, disgusted with a corrupt city government controlled by boss George Cox, dissidents bolted both the Democratic and Republican Parties to form a Charterite Party. They won an election in 1925, booted out the Cox forces and established a city manager form of government.

The Taft family, which has given the nation its 27th President (later Chief Justice of the Supreme Court) and two Senators, was active in the Charterite Movement in the person of Charles Taft, son of the President.

Mr. Taft, 78, a member of the nine-member City Council and a former mayor, says that over the 49 years since the Charterites came to power there has been no period of antibusiness policy.

Black mayors of other major cities usually receive an extraordinary amount of publicity, but not Cincinnati Charterite Mayor Theodore M.

Berry. Perhaps that shouldn't be surprising. Generally, Cincinnati tends to be out of the limelight. "One of our problems is that we don't blow our horn enough," Mr. Berry says.

His city, whose population is about 28 per cent black, is not plagued with the raw racial tensions of other major cities, but it does have the usual problems of housing and jobs.

The mayor is given a great deal of credit for cooperation with business, but he's no captive of business interests.

"I think the primary purpose of municipal government is to create a place for people to live in, not just a place for commerce," he says. "There was a time in this city when it was just an appendage, just to do things to support business. Service to the people was secondary. I told the Chamber of Commerce that I hoped we could develop a partnership and I think we have."

Greater Cincinnati Chamber of Commerce officials concur.

They note that cooperation goes so far as the city government assigning two planning officers to the Chamber's economic development staff to work on bringing new firms and industries to the area. Hamilton County, in which Cincinnati is located, also provides one staffer.

Once, the driving forces in the city often seemed to be strong individuals. One was lawyer and large landowner Nicholas Longworth, in the mid-1800s. (His son and namesake was the Speaker of the House of Representatives in Washington who married Theodore Roosevelt's daughter, Alice.) Another, in more recent days, was the late Fred Lazarus Jr., an entrepreneurial genius who helped form Federated Department Stores, Inc. (Today, his son Ralph is Federated's chairman, and another son, Fred III, is chairman of Shillito's, the Cincinnati link in the chain.)

No single individual stands out that way today, but there's a recognizable Establishment headed by the

## 3,005 REASONS TO LOCATE HERE.

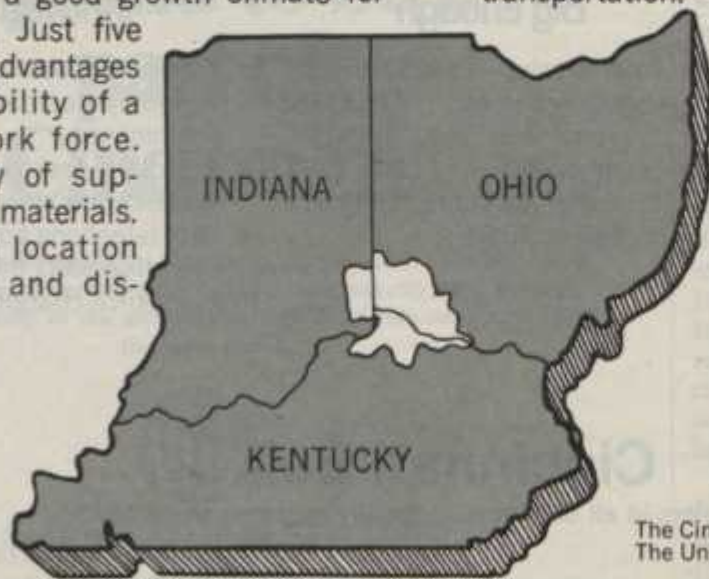
The 3,000 square mile C.G.&E. service area is a healthy commercial/industrial center offering a good growth climate for your company. Just five of its major advantages are:

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tribution with proximity to other major market areas.

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For more information on the Tri-State area, call or write James A. Wuenker (513/632-2595), Area Development Division, Cincinnati, Ohio 45201.



### CG&E

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## CINCINNATI *continued*

During the decades after the Civil War, Cincinnati made great strides in commerce and industry, at the same time shaping a cultural heritage that is one of the strongest among American cities. Old money built the magnificent Music Hall (bottom left), home of the nation's second oldest symphony orchestra, and new money including \$5.5 million given by Mr. and Mrs. J. Ralph Corbett (immediately below) keeps improving the facility. The city's zoo also is the nation's second oldest, and Cincinnati is renowned for museums, libraries, art galleries, a summer opera and ballet. Each May, the Musical Hall is the scene of a four-day international songfest.



Top: Clean government, Cincinnati's pride, has come thanks to determined efforts of such stalwarts as former Mayor and present City Councilman Charles Taft (foreground) and Mayor Theodore Berry. Middle: Refurbishing the downtown section with skywalks makes the city pleasantly walkable for R.T. Dugan (left), president of Cincinnati Bell, Inc., and William H. Dickhoner, senior vice president of The Cincinnati Gas and Electric Co. With excellent communications and good energy sources, the city seeks growth, but abhors ugliness. Bottom right: the Urban Wall program eliminates visual pollution with pop art. Bottom left: In all, it's a city of opportunity, says entrepreneur Carl H. Lindner, who bases a \$2.2-billion-assets empire in his hometown.





*Cincinnati is a city of technology breakthroughs, such as this suspension span put up 108 years ago by famed bridgebuilder John Augustus Roebling. It became the model for New York's better-known Brooklyn Bridge. The first concrete bridge was built in Cincinnati, as was the first concrete building. The first X-ray machine was made across the river in Covington, Ky.*

Commercial Club. Its 50 members are board chairmen or presidents of businesses. Prep school for this prestigious group is the 75-member Commonwealth Club. Meetings, sometimes joint, are held in the Queen City Club.

"These guys have a fierce pride," says a member of this inner circle. "They are absolutely dedicated to this city and to a clean city government. They give an incredible amount of their time and money."

Acceptance as part of the Establishment doesn't come overnight. Oliver W. Birkhead, president of The Central Trust Co., a former New Yorker who has been a leading bank-

er in the city for 24 years, estimates it took him about 15 years to "win my stripes, if I have won them."

Without question "the" corporation in the city is Procter & Gamble. Although it hasn't sought the role, it is the pacesetter. A sure way to get a stamp of approval for a project from the city's business community is to win a favorable nod from P&G executives.

Dean P. Fite, a P&G vice president, says the corporate staff recognizes the community's trust in P&G's management expertise and doesn't treat the responsibility lightly. Voluntary involvement of top officials is a P&G tradition, he says.

Says P&G Executive Vice President Owen P. Butler: "We want to make Cincinnati as fine a place to live in as human beings can make it."

The heavily industrialized Cincinnati area has never had the bloody labor-management strife once experienced in other cities, partly because of the strong craft union influence, another inheritance from its German immigrants.

William P. Sheehan, head of the local AFL-CIO Labor Council, says it's a matter of understanding, heritage and the fact that there isn't a predominant industry or union in the area. About 23 per cent of the workers are union members.

Headquartered in Greater Cincinnati are four of the larger industrial firms in the nation. In addition to Procter & Gamble and Cincinnati Milacron, they include U.S. Shoe Corp. and Eagle-Picher Industries, Inc. Another industrial giant, Armco Steel Corp., is in nearby Middletown, Ohio.

In the top 50 American merchandising firms are The Kroger Co. and Federated Department Stores.

The 50 biggest U.S. insurance companies include Cincinnati-based Western-Southern Life Insurance Co. and The Union Central Life Insurance Co. Among the country's 50 foremost financial institutions are American Financial Corp. and D.H. Baldwin Co., both of Cincinnati.

Some 2,000 manufacturing plants turn out everything from jet engines to pianos, motor vehicles to bells, machine tools to playing cards.

A third of the area's employment

is in manufacturing, a fourth in distribution, a fifth in the service industries and a seventh in government. Historically, the unemployment rate is as low as the national rate, or lower.

Cincinnati's two largest federal installations are a new, \$20-million Environmental Protection Agency laboratory for environmental research, and a National Institute for Occupational Safety and Health research center. They are near the University of Cincinnati and some of the nation's largest hospital and health-care centers.

The Greater Cincinnati area, with a population of nearly 1.4 million, ranks 21st in size in the nation. In addition to the city itself, more than 100 communities in southern Ohio, northern Kentucky and a tip of southeastern Indiana make up the area.

Three Kentucky counties with a population of some 300,000—their largest communities are Covington and Newport—are a growing force in Greater Cincinnati. New highways are helping them to realize their potential as a warehousing and distribution center.

Greater Cincinnati Airport is located in Boone County, Ky. Barry S. Craig, director of aviation, says the complex was built for economy and ease of expansion. He notes that "for 28 years we have earned enough money to be self-supportive."

### **Black tie for burlesque**

The area across the Ohio River from Cincinnati has long had a reputation as a mecca for those who want racier entertainment. But Cincinnati itself hasn't necessarily been prim. For years, a landmark was the Gayety Theater, where top names in burlesque performed. When the theater closed in 1970, she was sent on her way in style—it was black tie for the final performance, headlined by Ruby Rage (44-26-36).

Cincinnatians are exceedingly proud of their city's cultural life. There is an abundance of museums and art galleries, plus a symphony, ballet, theater, zoo and opera. "The reason," Mr. Ransohoff says, "is that we have old money."

And there is relatively new money



carrying on the tradition of the well-to-do enriching society.

"There should be a bumper sticker in this city," Mr. Ransohoff says. "It should read 'When Is the Last Time You Thanked J. Ralph Corbett?'"

Mr. Corbett is an unusual millionaire.

In 1967, he sold his company, Nutone Corp., a maker of door chimes, range hoods and similar products, for \$30 million. He put \$10 million in trust for his wife and children and then he and his wife, Patricia, placed the remaining \$20 million in a foundation. They have been resolutely spending the foundation's principal and interest for educational, medical and cultural projects.

The Corbetts concluded that since the money had been made in Cincinnati, it should be used for the citizens of the city. Secondly, they decided that the present generation should benefit. So they embarked on a program of spending the money in their lifetimes.

They have succeeded. Early this year, Mr. Corbett revealed that the foundation had spent \$16.5 million and that the remainder was committed. "Hopefully," he says, "we'll be out of business this year."

Among the most visible of the Corbetts' philanthropies are a \$5.5 million auditorium complex at the University. Another \$5 million has gone to improve the city's venerable Music Hall. World-renowned for its acoustics, it is home to the nation's second oldest symphony orchestra and the scene of a four-day *saengerfest*—songfest—held each May since 1873. The event attracts talent from all over the world.

"Cincinnati is an exciting, but at the same time, comfortable city in which to live or do business," sums up Charles S. Mechem Jr., board chairman of Taft Broadcasting Co.

American Financial Corp. Board Chairman and President Carl H. Lindner, who built a \$2.2-billion-assets company on the foundation of a

\$1,000 bank loan he obtained in 1942, gives one reason for the city's being exciting businesswise.

"The person who wants to get ahead, and who believes in the merits of performance, is admired and applauded here," he says. "I can think of no more fertile ground for the entrepreneur."

As it approaches its own bicentennial, Cincinnati has emerged with a flair of its own. . . . Old World atmosphere mixed with New World entrepreneurship. . . . A cultural heritage unmatched by any city of comparable size. . . . Rugged individualism coupled with a willingness to contribute as a group to the betterment of the quality of life. . . . A spirit of progress and a spirit of thrift and industry. . . . A respect for the old and a hunger for the new.

Cincinnati has seen tumultuous changes in patterns of life and economy, but has sailed serenely through them all.

It's in control of its destiny. END



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These are a few of the things just 2¢ more profit make possible. It also means more jobs, more dividends for the 80,000 shareholders who own Armco, more tax money for schools. Under our free enterprise system, profits are good for everybody.

Armco Steel Corporation, General Offices, Middletown, Ohio 45043.

**Responsive people in action.**







## Cincinnati. It's more than just another pretty face.

True. Cincinnati is a beautiful city.

It's also a city with a striking personality. With its downtown and suburban areas folded into wooded river hills, Cincinnati has the flare of a modern metropolitan city and a charm reflecting a colorful past.

One of Cincinnati's personality traits is an abundance of contrasts. A century-old European fountain stands in the heart of a vibrant downtown, framed by contemporary steel and glass office towers. The only remaining overnight passenger steamboat on our inland rivers is moored at the foot of the city's new sports complex and riverfront park.

Cincinnati is a healthy city—literally and economically. It's diverse and optimistic in its outlook.

You can see it in the numbers

of new office buildings. The industrial parks. The new highways. The revitalized downtown with its overhead pedestrian walkways.

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## From the Rocking Chair to Work in Rockingham

When Clark Equipment Co. decided to build a transmission plant in Rockingham, N.C., it thought it faced a problem of finding experienced people to train a local work force that would eventually number about 1,000.

But it was not such a problem after all. Clark called in people from retirement.

"I had no intention of sitting in a rocking chair for the rest of my life," says Raymond Brush, who retired from Clark a year ago after 30 years' employment and is now teaching machine maintenance at the new plant.

"I accepted this opportunity because I like working with people and because I'm familiar with, and respect, the Clark team."

The trainees have come from the farm, from industry and from the rolls of the unemployed. The plant, scheduled to start production in the fall, is a boon to Rockingham, hard-hit by cutbacks in the textile industry.

Clark's start-up task force has four retirees with a combined record of



Stanley Necikowski and three other instructors at the new Clark Equipment Co. plant in Rockingham, N.C., brought with them 150 years of experience when they were called out of retirement to form a start-up task force. Many of the trainees will take over the operation of complicated machinery that is required to turn out transmission parts for heavy equipment.

experience totaling about 150 years. They soon will be joined by four others.

Jack Smith Jr., plant manager, says "the enthusiasm and professionalism of these retirees is an obvious asset in launching a new plant and training inexperienced workers."

William McLaury, project manager for the start-up program, reports Clark was reluctant to take key personnel away from its main plant in Jackson, Mich., to train the new employees.

"That's why the retirees involved here are so important to us," he says.

"They're a real gold mine—they bring unparalleled expertise to the training program while allowing full production at our existing plant."

A desire to be useful played a large part in bringing the instructors out of retirement. Stanley Necikowski, who is teaching machine shaving techniques, and—like Mr. Brush—retired last year, puts it this way:

"When this job is done and I shake hands and say goodbye, my biggest satisfaction will have been teaching these young people a trade that will earn them a good living."●

## Learning to Become a Real Pro in Golf

Today's successful golf professional is not only proficient on the links but a combination salesman, public relations specialist, restaurateur and landscape artist.

To help sharpen these skills, the first school of its kind opened its doors last January—the San Diego Golf Academy in southern California.

"Its purpose is to prepare outstanding young men and women to find lucrative careers in a widening job market by becoming sound business people," says Charles E. Pierce, founder and director of the Academy. "Now, it no longer is necessary for an individual interested in golf to choose between higher education and a golfing career."

The Academy offers 19 college-level business courses approved by the California State Board of Education. It has a faculty of four instructors, headed by Fred Schwartz, who has a Ph.D. in business administration from the University of Southern California.

Facilities can handle up to 150 students. Ten students, nine men and a woman, are enrolled in the initial class, and 20 are expected in the second class starting next January. Tuition for the two-year course is \$3,000 for each nine-month term. A student may earn up to 64 college credit units.

The Academy is on the grounds of the Whispering Palms Golf and Country Club outside San Diego. In addition to classroom work, students receive on-the-job training in the pro shop, the restaurant, and elsewhere on the club premises.

They also have access to the 27-

hole course for both instruction and recreation.

Mr. Pierce says professional golfer Johnny Miller, top money winner in 1974, visited the Academy recently and commented: "I wish there had been a school like this when I started so I could have learned more of the role of a golf pro than just that of a player."

Courses at the Academy range from general business law to retailing and from turf management to speech and human relations in business. Four hours are devoted daily to indoors study, and four to learning to teach golf and golf practice.

"You have to be a hard-headed businessman to be a good golf pro today," Mr. Pierce says. "I think our students will be way ahead of the game when they graduate and start looking for jobs."●

*continued on next page*



## Arde Bulova's Success in Aiding the Disabled

President Franklin Roosevelt summoned a group of prominent Americans to the White House during World War II and urged them to start thinking about the day millions of young men and women would be returning to civilian life.

The President was concerned especially about countless thousands who would not return as they had left—those wounded in battle.

Among the people at that meeting was the late Arde Bulova, board chairman of the Bulova Watch Co. He decided almost on the spot to establish a tuition-free school to teach disabled veterans a useful trade.

On May 15, 1944, while the war still raged, ground was broken in New York for the Joseph Bulova School of Watchmaking, named for Arde Bulova's father, who founded the Bulova Co. in 1875.

Today, some 1,250 men and women have graduated from the institution. Over the years, despite two more wars, the number of veterans enrolled in the school has dwindled.



*A study in concentration as students learn the exacting skill of watchmaking. They're at a school conceived by Arde Bulova as a way of helping disabled veterans of World War II. In 30 years, the Bulova school has trained over 1,200 handicapped men and women so they could find useful jobs, not only in watchmaking, but in other fields where precision work is necessary.*

But it continues to train the disabled—amputees, paraplegics, and victims of tuberculosis, heart ailments, arthritis and other diseases.

Over \$5.5 million has been contributed by the Bulova Watch Co. Foundation and the Bulova Fund for operation of the school. Only in recent years did it begin charging tuition, and then largely because of governmental funds being made available for rehabilitation of the physically handicapped. And even so, the two funds put up about \$180 of the current \$270 monthly tuition.

Three courses are offered: watchmaking (18 months), watch repair (12 months) and precision technician (nine months). Virtually every student gets a job on graduation—generally

starting at \$140 to \$150 a week—in shops, watchmaking plants or other manufacturing operations where precision is at a premium.

Almost 20 per cent of the alumni own their businesses today.

The school promotes wheelchair sports nationally and internationally and its students compete in basketball, track, bowling, swimming, archery, weightlifting and table tennis.

In its 31 years, the Joseph Bulova School of Watchmaking has faithfully lived up to its dual motto: "To Serve Those Who Served Us" and "To Serve Those Who Need a Chance."

Or, as Benjamin H. Lipton, director since 1955, puts it:

"We are committed to the concept that 'ability, not disability, counts'." ●

## Small Businessmen Are Instructed by Students

About three years ago, a Kansas automobile parts dealer was struggling to keep his infant enterprise afloat. He was an expert on auto parts but not on business techniques.

Fortunately, for him, a program was just getting under way at Kansas State University to give practical experience to seniors in the College of Business Administration.

The program, now in almost 350 colleges and universities, is financed by the federal Small Business Administration and is designed to help the small businessman with little or no knowledge of management practices.

SBA pays schools \$250 for each enterprise to which teams of three or four students are assigned during a

semester. The money goes for such things as travel expenses, supplies and clerical help.

Kansas State sends its small business interns throughout the state, helping some enterprises to stay alive and others to expand.

In doing so, the university helps the communities in which the businesses are located, "by preserving jobs and, in some instances, creating new jobs," says Dr. Joseph Barton-Dobenin, instructor in business administration. "And at the same time, of course, the students are acquiring valuable experience as they apply what they have learned in the classroom to real-life situations."

According to SBA, some 17,000 students currently are working with 7,000 small businessmen around the country.

The Kansas automobile parts dealer? His business didn't go under

—thanks, at least in part, to a student team that came to his assistance.

In another case, Kansas State interns moved in on a plant nursery business that was on the brink of bankruptcy. Its owner was behind in loan payments at the bank and had creditors of all kinds breathing down his neck. He had no idea which parts of his business were profitable and which were not, and he lost money on most jobs for which he successfully bid. His accounting system was primitive.

"In the two years our students worked with this man they provided him with the kind of business education he might have gotten if he had attended our College of Business Administration," Dr. Barton-Dobenin says. "He now is paying off his loan and is well on his way to being highly successful." ●



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## Is Our Government

We are long overdue for a serious examination and major overhaul of our system of government. I have been preaching that sermon for years, and now find that I am not alone.

Marshall Wright, an executive of Eaton Corp. and former under secretary of state, says:

"There is good reason to suspect that the American political system is proving itself increasingly incapable of responding to its challenges, and that there are serious institutional distortions in the way in which our system is supposed to work."

Well, that's a contemporary view, and it may rankle those who regard any tampering with our system as a desecration of the temple. The founders and early priests of the temple had no such delusions.

John Quincy Adams, our sixth President and son of the second, grew up in the shadow of the men who laid down the principles of our Constitution. Shortly after he returned to the Congress in 1831, he wrote a letter to a friend in which he said our system of government was admirably suited to the agrarian society in which it had begun, but would require adjustment to suit it to the industrial society then taking shape.

Thomas Jefferson, in a letter written in 1816 to the historian Samuel Kercheval, said:

"Some men look at constitutions with sanctimonious reverence, and deem them like the ark of the covenant, too sacred to be touched, [but] laws and institutions must go hand in hand with the progress of the human mind. . . . We might as well require a man to wear still the suit which fitted him when a boy."

Then follows a message that has been pretty much overlooked in the century and a half since. Jefferson says:

"Let us provide in our Constitution for its revision at stated periods. . . . Each generation . . . has . . . a

**By Fletcher L. Byrom,**

*Chairman of the board, Koppers Co., Inc.,  
and Chairman, The Conference Board*

*This article is excerpted from a speech Mr. Byrom made to the first annual Public Affairs Outlook Conference of The Conference Board, a major economic-research organization.*

right to choose for itself the form of government it believes most promotive of its own happiness . . . and it is for the peace and good of mankind that a solemn opportunity of doing this every 19 or 20 years should be provided."

Just as a manufacturing plant can become obsolete, so a system of government can suffer from a similar obsolescence in terms of the requirements of this highly technological age.

Even if our Constitution were indeed the perfect document that some take it to be, it seems to me that we have subverted the intent of those who drafted it.

Take the matter of checks and balances. As I see it, that concept was directed toward putting some rather wild and independent horses into a common harness so they could pull together toward common goals. Now, two centuries later, it has degenerated into an adversary system between and within the branches of government. The horses have broken loose and scattered across the fields, while the carriage they are supposed to pull stands stalled in the lane.

Part of the problem arises out of the ways in which we select the people who will lead us. Robert Louis Stevenson said: "Politics is the only profession for which no preparation is thought necessary."

An even more pertinent observation comes from the Nineteenth Century writer and Unitarian minister, James Freeman Clarke, who said: "A politician thinks of the next election; a statesman, of the next generation." I'm afraid our system, with its emphasis on short-term performance,

breeds many more politicians than statesmen.

Under the conditions of today's technology, it takes at least eight years to work out our problems. We tackle those problems through officials whose vision stops at a horizon only two to six years away, when we then again ask them to account for their current performance.

This disharmony in time—along with other flaws in our system—is aggravated by a failure of performance in two critical and closely connected areas: the need for a better informational base and the need to plan for constructive growth.

Resources are another area that engages our attention.

I think most of our problems relating to resources and the environment will come between now and 1990. We may have a whole new set of problems by 1990, but we will know that we have the means to lick the ones that face us now. We will know what we are going to do about energy.

We will have proved something like laser fusion. Seawater will be a great source of energy. Fossil fuels will be relegated to the role of feedstocks for the chemical industry. Solar energy will supplement our nuclear sources. Industrial pollution will be a thing of the past. The internal combustion engine, one of our chief causes of pollution, will have become a museum piece.

All of these things will come to pass if—and it is a big if—we stop being so smug about what we think we know. For a nation that pioneered in computer technology and information retrieval, we are sadly lagging



# Obsolescent?

in the development of forward-looking statistical bases upon which to build our plans.

Lack of information and our ineptitude in interpreting what information we do possess have led to blunders that would be laughable if they were not so tragic for all of us.

In the fall of 1972, leading economists got together and predicted that the 3¼ per cent inflation rate then prevailing would go up only slightly in the following year, and might even turn down. A year later, 46 prominent economists were asked whether we could expect a recession in 1974. By a vote of three to one, they gave us a flat No.

We need more long-range information, and we should start by refining our data. For instance, I read about 8 per cent unemployment and I wonder why everyone else can't see that this is a non-number. For purposes of determining fiscal and monetary policy as required by the 1946 Full Employment Act, we should not be counting the housewives who have decided because of inflation to go out and look for jobs. We should not be counting the high school graduates who can't go on to college because of inflation and who thereupon inject massive spurts into the unemployment rate before they get settled.

Last year, teen-agers and married women made up 31 per cent of the labor force. If you take them out of the equation, you wind up with a current unemployment rate of about 6½ per cent. The rate for heads of households was 5½ per cent recently, but the "hardship unemployment rate"—those who had been out of work for 15 weeks or more—was only 2 per cent.

I'm not implying that we do not have a serious unemployment problem. We do. But those macro figures you see in the headlines don't help us to lay wise policy.

Our friends in Detroit know what happens when the bureaucrats don't

get their facts in line. Catalytic converters, which the Environmental Protection Agency foisted on them, are now accused of everything from starting forest fires to increasing the emissions of sulfuric acid mists, which are more harmful than the hydrocarbon and carbon monoxide emissions they were designed to control. Meanwhile, billions of dollars have gone down the drain and consumers have paid untold fortunes in the costs handed down by the auto industry's need to build new factories, by the petroleum industry's conversion to unleaded gas, and by the need to install separate pumps at about 100,000 service stations.

All of industry has suffered from what is being called "the big overhang" in inventories. It did not help when the government underestimated the annual rate of buildup by as much as \$10 billion for three successive quarters last year—when inventories jumped by 75 per cent, to more than \$47 billion. I don't know of any company that is big enough to gather and interpret on its own all the figures it needs, even if the law would permit it to do so.

If you make refrigerators, you can't go to your competitors and ask how many units they're going to turn out in the following year. They'd be fools to tell you; if they did, both you and they would be in trouble with the antitrusters.

I wish every piece of legislation that came down from Capitol Hill had built into it an assessment of what that legislation would truly cost in terms of its total economic impact. That may have been the most important proposal in President Ford's economic message of last fall, and I wish the Congress would take it to heart.

Planning is more vital than ever, because growth is more vital than ever. Without constructive planning, we will waste resources to a degree that is intolerable. **END**

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# Do You Want More Government Planning for Business?

To answer that question, you'll want to know more about a proposed White House Office of National Economic Planning

By Carl H. Madden

It is sometime after 1976. You live in a country with an Office of National Economic Planning. It is located in the White House, and its director is the chief adviser to the President for economic affairs. The Office doesn't merely make alternative economic plans for the nation. It does not merely "indicate the number of cars, the number of generators and the quantity of frozen foods we are likely to require in, say, five years."

No, the Office of National Economic Planning also oversees "the implementation of the national economic plan within the Executive branch of the government." And the Office, having found how many generators, cars and frozen foods we need in, say, five years, "would try to induce the relevant industries to act accordingly."

## A sophomoric dream?

Does this all sound like a silly, sophomoric dream? In fact, it is a serious—all too serious—proposal. It is being circulated by a committee cochaired by United Auto Workers President Leonard Woodcock and the Nobel prize-winning economist at Harvard, Wassily Leontief.

Others on the Initiative Committee for National Economic Planning include John Kenneth Galbraith and Abram Chayes of Harvard, Anne Carter of Brandeis, Robert Heilbroner of The New School for Social Research, Robert Lekachman of the City University of New York, Robert R. Nathan and Nat Weinberg, economic consultants, and Robert V. Roosa, formerly under secretary of the Treasury and now a partner in Brown Brothers Harriman & Co.

The Committee's proposal has

been widely published with a letter from Myron E. Sharpe, editor and publisher of *Challenge* magazine. The Committee recognizes that the proposal is not "perfect in all details" but believes "it reflects accurately the present need."

And the present need is for "planning at the highest level of the United States government and through regional, state, and local units of administration." The effort would be backed by education, public discussion and full public participation in the planning process.

## Look at the record

What is so silly and sophomoric about planning? Well, hardly anything. However, it is silly and sophomoric to believe that anticipatory forecasting could indicate the number of cars, generators and frozen

foods the country will require five years from now. Our record of economic forecasting, including Wassily Leontief's input-output technique (the basis for his Nobel prize), suggests a very shaky basis for comprehensive national planning.

In an age of rapidly changing technology and tastes, of shifting scarcities and great uncertainty, surely all institutions, public and private, ought to do more and better anticipatory forecasting and planning. But this need not mean formalized authoritarian national economic planning—nor should it.

The key point is that no one and no single institution has a monopoly of knowledge, wisdom and foresight. If this key point is not the basis for the entire Western tradition of individual liberty and of private commerce, it is hard to identify any other.

## Input-output falls short

A word is in order about input-output analysis. It is a useful device to sort out, in a giant table, how the inputs of resources to a given industry during a period relate to the outputs of another. The idea of everything-being-related-to-everything-else in an economy is as old as Quesnay's Eighteenth Century "Tableau Économique." It is made workable today by modern data and computers.

But it doesn't forecast reality very well. It can't effectively take into account how the relation between the inputs and the outputs in a given industry may change in the future. The real reason is a deep one. It is that genuine novelties—genuine surprises—exist in the world's processes. Our human history is obviously irreversible; no kind of anticipatory



Dr. Madden is chief economist for the Chamber of Commerce of the United States.



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## Guest Economist

*continued*

forecasting can wholly eliminate important surprises.

The Committee members, rightly deploring current trends in the economy, seem to believe that the U.S. has no means to set or attain goals except to "hope for an unseen hand or react, ad hoc, to problems and crises as they come along." So, they want to "make respectable the idea of planning in a democracy."

Well, they really ought to know better. They ought to know that, in setting goals, Washington already has the most complex and sophisticated process for aggregating individual preferences and resolving conflicting social demands. It is hard to believe that some of these people—Messrs. Woodcock, Nathan, Weinberg, Roosa—who themselves have lobbied in Washington can make such claims.

### Making planning respectable

As for the unseen hand of the market, it is easy enough, and no doubt chic, to poke fun at the painful processes of adjustment to real uncertainty that markets suffer. How much more efficient to plan the output of cars or frozen foods for five years ahead! But where was the Initiative Committee for National Economic Planning when we needed it to anticipate the world-wide drought, the oil embargo and the Old Testament attitude of Federal Reserve Chairman Arthur Burns?

There is a valid case for "making planning respectable in a democracy." It is being made by the new budget law that gets Congress to look at the whole budget, by forecasting in the President's Domestic Council, by the efforts of many states to look ahead and by other broadening moves to anticipate events.

But surely the worst case is to go back to the enthusiasm of 30 or 40 years ago for comprehensive national economic planning, then to use almost the same words as the planners of that day once employed to advocate gathering more authority in Washington to run things. If the Committee can anticipate only through such a rear-view-mirror perspective, the members are unlikely to generate much enthusiasm for their prescience.



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## World of Industry *continued from page 8B*

businesses to cut wind drag on existing tractor-trailers, were found to lose effectiveness in crosswinds, however, and more testing is due.

In addition, NASA and DOT have been studying the most popular passenger autos to see if design changes can save significant amounts of fuel. A report is expected this month.

It might mean a return to the look of the Chrysler Airflow, that revolutionary design that appeared briefly in the '30s and was abandoned by Detroit because the public didn't go for it. •

### More Heat From Solar Collectors

More efficient solar energy collectors—up to 20 per cent better than current ones—are here today as a result of a discovery by a National Aeronautics and Space Administration scientist.

Glen E. McDonald, of NASA's Lewis Research Center in Cleveland, has found that coating solar thermal

collectors with black chrome goes a long way toward making hot water units more practical.

Present collectors raise water temperature to about 200 degrees, but collectors with more "solar selective" black chrome coatings raise the temperature to around 240. •

### Satellites Score as Sourdoughs

Mineral prospecting by satellite has come of age, according to the U.S. Geological Survey.

Experiments have shown that computer-processed satellite images of the earth's surface can be used to locate underground mineral deposits in arid and semi-arid regions.

Copper-bearing deposits, for example, have been pinpointed in a remote area of Pakistan and later have been verified by actual ground checks.

USGS scientists developed "signatures" of known deposits of copper and other metals in Nevada through a complicated computer processing

technique using imagery from the LANDSAT satellite.

Similar copper signatures were found on satellite imagery of the Pakistan area.

The technique relies on the fact that different rocks, soils and other materials on the earth's surface reflect different amounts of light. Scientists are not yet able, however, to apply it to heavily vegetated areas because of the need for reflectivity.

Also holding promise for prospecting is the POGO satellite—the Polar Orbiting Geophysical Observatory. Using data from POGO, USGS scientists have prepared a map of the earth showing areas of magnetic anomaly.

They attribute the abnormalities to different rock properties and structures. Those showing the greatest differences, they suspect, will turn out to be areas that have experienced the most intense movement of the earth's crust, such as faulting and volcanic activity, and may well hold mineral concentrations. •

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(Trumpet Fanfare)



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Unfortunately, they all had one thing in common: If the rope broke—goodbye.



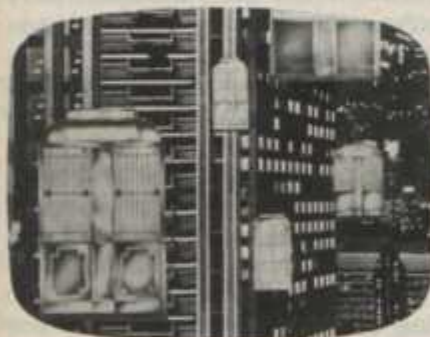
But in 1854, a man by the name of Elisha G. Otis changed all that in a dramatic demonstration at the Crystal Palace Exposition.



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# Get Rid of Your Bad Telephone Habits



DRAWINGS: CHARLES A. DUNN

What makes an executive come across like a robot on the telephone?

Partly it's the fault of Alexander Graham Bell's handy invention. Unfortunately, its mechanical larynx tends to flatten your voice and your personality.

Usually, however, most of the fault lies with you.

Without knowing it, many executives develop bad telephone habits that rob their voices of timbre, and their personalities of warmth and vigor.

But you needn't suffer from this handicap. It's easy to remedy if you follow these simple rules:

- **Emphasize friendliness.** Aline Thompson, formerly personnel director of the National Safety Council and now a writer and lecturer on career subjects, says:

"What I call the executive telephone voice-spoilers are dispositional traits. If you're a busy executive, daily tensions can cause you to become impatient, irritated, even hostile.

"These unpleasant mental attitudes tend to prevent you from speaking with an open throat, and unattractively color and mar your voice, often giving it a robot-metallic quality."

The remedy?

Improve your mental attitude, says Mrs. Thompson, by using a friendly approach to telephoning. "And be sure," she warns, "not to use a double standard. Don't employ hearty friendliness when talking to a customer

Does the real you fail to come across on the phone? Does what you're trying to say become all fuzzed up?

and brusque curtness to someone who is lower on your company ladder."

The result?

Your telephone manner, whether you're talking to a file clerk, customer, critic or golf crony, will greatly help you to achieve a warm, unrobotlike voice.

- **Gesture while you speak.** At a speech seminar held by Communispond, Inc., which has taught communication skills to thousands of executives of such leading firms as Colgate-Palmolive and Union Carbide, instructors dramatically help executives solve their voice problems.

Dull, dreary voices almost instantly turn brighter and more vital when the executives do a few simple fun things.

What simple things? They gesture.

If you want to quickly vitalize your phone voice, gestures will do it. Your timbre and inflection will reflect the interest you're expressing in your gesturing.

Let's see how gesture-talking works:

Al Jensen phones the vice president he reports to with the good word that research on the new electronic bonding paint process shows it's great.

Mr. Jensen can crouch down at his desk, his shoulders hunched over the phone, and mumble: "Well, er, that, er, new paint process worked out, er, okay."

With this weak telephone approach, his boss' mental criticizer ticks off: "Hey, Jensen sounds uncertain. Maybe he's covering up some bad news." The boss wonders if Mr. Jensen's the right man for the job.

However, if Mr. Jensen sits up straight so his lower spine touches the back of his chair, and his feet are flat on the floor a few inches apart (a comfortable position), he can gesture while he says into the phone: "The new paint process turned out very successfully."

When he hits the words "very successfully," if he pats the report enthusiastically, his voice sounds en-





thusiastic. Then, perhaps he adds: "I'm sending it right over." As he says "right over," he flips his hand or picks up the report swiftly. His interest and the gesture color his voice with vibrancy.

On the other end of the wire, his boss subconsciously thinks: "This is going to be a break-through report. That fellow Jensen's really got it all together. He's going places."

It's not hard to invent gestures that will help improve your voice.

For example, a real estate salesman is talking on the phone to a prospect interested in some property with a winding stream. If the salesman makes a winding gesture with his hand as he describes the stream, his voice becomes more colorful and the property seems far more interesting to his prospect.

One special tip: Make a variety of gestures to help your telephone voice stay in trim. And don't worry about running out of gestures. Sir Richard Paget, a noted English scholar, claims there are about 700,000 (head, leg, arm, body and combinations) to choose from.

- **Improve your voice range.** Does your voice tend to go a little high? Grab a ballpoint as you talk on the telephone, hold it at desk or lap height, look at it as you talk, pitch your voice lower, and your voice will move downward.

A lowered voice sounds warmer and more friendly.

- **Express what you mean.** People can't see your expression when you talk on the phone. You must compensate not only by putting expression into your voice but by actually saying what you mean. Don't just say to someone who's sent you a report you're impressed with: "I received the report." He doesn't know if you like it, differ with the findings or haven't read it.

If you find it useful, say: "I'm impressed with your report. It's very helpful."

If someone brings up an idea with merit for expanding the business, don't just say: "That's an idea." Let him know how you really feel with a comment such as: "That idea interests me very much. I like it."

You'll not only start transacting your telephone business more effectively, but your improved telephone voice will gain more cooperation.

- **Effectively structure your telephone message.** The



reason many executives drone on mechanically, with lots of er's, ah's, and well's, is that they're hazy about how to structure a telephone call.

A good rule of thumb is to think of this A-B-C structure for the body of the call:

**A.** Tell the person, preferably in one sentence, the purpose of your call.

**B.** Vividly point up or dramatize the purpose of your call by giving an illustration, a comparison, a statistic, an analogy, a specific description or an expert's view.

**C.** Use a quick windup sentence about what you want the person to do or what you're going to do.

Here's an example of that kind of structured phone call. The office manager is calling the head of maintenance. He says:

**A.** "Harry, we need to overhaul the air-conditioning in the marketing department."

**B.** "This morning there was a foot of water in the reception room."

**C.** "Will you have someone check into this right away?"

If possible, try to confine each phone call to just one point. Make separate calls for different problems. If you must make several points, number them clearly as you talk, with: "Item one, item two . . ." or "Point one, point two. . ."

Business authorities have found that usually a busi-



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## Get Rid of Your Bad Telephone Habits *continued*

ness call should take only five or six minutes. However, off-target chitchat can expand a call to 10 minutes or longer.

If you suspect your calls have some fat in them, time a few.

Then, remembering the above structure, analyze why the calls are running long. Often, you can figure out effective ways to trim calls and have more time during your day.

- *Add extra value to your calls.* Just as a business prospers when the management puts in the extra value of more service or a superior product, your career will be enhanced if you'll put a little extra value in your telephone calls.

Often, it is an offer to help others—a suggestion on how they can save time or money by doing certain things—if it relates to the point under discussion.

This habit was a trademark with Robert J. Weston when he served as general manager of the giant building products division of Boise Cascade Corp. To his advertising manager, who'd phoned to discuss the problem of what the next catalog cover should be, Mr. Weston threw out over the phone:

"Why not use a scenic—the Cascade Mountains?"

The advertising director did, and it proved a winner.

To a newspaper reporter who'd called for a comment on sales activities, Mr. Weston volunteered:

"Say, would it help if I read you the total industry statistics on that point? No trouble. Got 'em right here."

He read off the figures slowly, so the reporter could make good notes, saving the newsman half a morning's time checking out the figures on his own.

After talking with Mr. Weston, people would turn from the telephone flushed with pleasure and thinking: "What a great guy!"

The payoff? He got tremendous cooperation from people both within and without the company.

- *Use magical phrases.* Whenever you talk on the telephone, use some magical phrases. These are not tricky word combinations but simple courtesies. Sprinkle in lots of comments like:

"Thank you." "I appreciate that." "Hey, thanks for returning my call so promptly." "If I can be of any further help. . . ." "Glad to help you." "Glad to hear from you." "I like that idea!" "Just called briefly to congratulate you."

Frequently work in phone calls of congratulation on a new child, a promotion, an accomplishment. Showing interest in others will help make your phone voice sound alive.

Not only that but, as will all these simple telephone techniques, it will help you move upward in your career.

—CATHY HANDLEY

REPRINTS of "Get Rid of Your Bad Telephone Habits" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.



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## BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN  
Associate Editor

### How Small Firms Can Get a Fair Share of Fuel

Small businessmen who aren't certain where they stand in the event of fuel shortages, such as those another Arab oil embargo would bring, can look for concise information in a new booklet.

Entitled "An Energy Handbook for Small Business," it is a joint effort of the Federal Energy Administration and the Small Business Administration.

It tells the 8.8 small businesses in the nation about government allocation programs designed to benefit them, and the step-by-step procedure to follow if they don't think they're getting a fair shake on fuel supplies.

The handbook says the first step is to check with the supplier. If that doesn't help, contact the SBA district office, then the state energy office. If all that fails, the businessman should contact the regional FEA office.

In addition to supplying addresses and phone numbers of these offices, the handbook explains what kinds of problems are solved at each level.

The handbook (stock number 041-018-00052), which costs 35 cents per copy, may be bought through the Government Printing Office, Washington, D.C. 20402.

### Washington's Afterthoughts Can Be Really Expensive

One surefire way to control government spending, it seems, would be to ban those expensive afterthoughts called "engineering changes."

Checking on the status of 269 federal civilian projects as of Dec. 31, 1973, the General Accounting Office finds that cost overrunning is not a malady that exclusively afflicts Defense Department projects.

In its first annual report of this kind, GAO says original cost estimates of \$76 billion for the civilian projects ballooned to \$133 billion. Only about \$2 billion of that whacking \$57-billion increase is attributable to inflation, the agency says.

GAO limited its checking to major proj-

ects involving \$25 million or more in federal funds. It finds that 59 of them had a cost growth of at least 100 per cent and accounted for \$46 billion of the estimated overruns.

They included Interstate Highway System, Corps of Engineers and Bureau of Reclamation projects, the new FBI building in Washington and purchase of locomotives and cars for Amtrak.

The principal villains, concludes GAO, were the engineering changes. On the 59 projects, they accounted for 41 per cent of the increase.

Largest overspender was the Federal Highway Administration—\$38.7 billion.

### Farm Income Is Expected to Fall

The Agriculture Department's crystal-balling Outlook and Situation Board, having taken a sobering look into the future, is telling the nation's farmers that their 1975 income will be nothing to cheer about in comparison to their profits for the last two years.

Net farm income may fall short of the \$24-\$27-billion range the Department predicted last December, Agriculture now says. The major reason: the downward trend in commodity prices.

While Agriculture doesn't hazard a re-

vised total, spokesmen say "another dramatic change" in the profit picture is due.

In 1972, net farm income was \$17.5 billion. It rocketed to \$32.2 billion in 1973. Last year, inflated farm costs and lower livestock prices cut it to \$27.2 billion.

On the brighter side, Department forecasters note the slowing rate of inflation, easing of interest rates and the still-healthy export picture. Last fiscal year, farm exports totaled \$21.3 billion. The forecast for this year is about \$22 billion.



## Jokers in That Antitrust Bill

Antitrust specialists are sounding strong warnings to business about some hidden shoals in omnibus antitrust legislation introduced recently by Sen. Hugh Scott (R.-Pa.) and Sen. Philip A. Hart (D.-Mich.).

Since Sen. Hart is a career antitrusteer, his sponsorship was no surprise. However, the support of his cosponsor, the Senate minority leader, was unexpected. Sen. Scott's backing, experts fear, may lull some businessmen into thinking the bill is palatable.

Basically, the measure, S.12854, entitled the Antitrust Improvement Act of 1975, is an umbrella under which many proposals may flock, and not necessarily birds of a feather. The final draft could well turn into a legislative grab bag that contains some horrors.

## Now Another U.S. Department—of Research?

With research and development growing more costly each year, and so much under way that possibly overlaps, there's a move on to consolidate all federal government R&D under a single agency—a new Department of Research and Technology Operations.

There's been talk before of such an organization, but no high-powered support for it. Now it has that support. A bill to create it is a product of the House Committee on Science and Technology.

Chairman Olin E. Teague (D.-Texas) introduced the bill, the National Science Policy and Organization Act of 1975 (H.R. 4461), along with Rep. Charles A. Mosher (R.-Ohio), the Committee's ranking minority member.

Rep. Teague says: "Science and technology are an element of our contemporary culture as pervasive and important as economics or education or labor or environment."

## Experts Say Rail Plan Won't Fly

Prospects are dimming that the U.S. Railway Association plan to restructure bankrupt railroads in the Northeast and Midwest will get Congressional approval the first time around.

Under the schedule established by the Regional Rail Reorganization Act of 1973, the plan for the 22,000 miles of rail systems involved is to be presented for approval no later than July 26. Then Congress has 60 working days for review and, unless the members kick the plan back, it's adopted.

Should the plan reach Congress in its present form, experts believe, it will be turned down. It's based, they say, on some questionable assumptions. One is that other

Antitrust experts point out that many elements of the bill have been proposed separately before, in some form. A recent example is a section that would permit states' attorneys general to sue for treble antitrust damages for their citizens. This is similar to legislation sponsored by Rep. Peter W. Rodino (D.-N.J.) on which hearings were held in March. [See "Business: A Look Ahead," *Nation's Business*, April, 1975].

One provision that is not expected to spark much controversy is upping the fine for failure to obey Federal Trade Commission subpoenas or special orders from \$100 a day to between \$1,000 and \$5,000 a day. The \$100 fine has been the maximum since FTC was established in 1914.

He argues further that it's time science and technology are "fabricated concretely and statutorily into the managerial and policy structure of our national government."

Into the new Department would go such now-independent agencies as the National Aeronautics and Space Administration, the Energy Research and Development Administration and the National Science Foundation. Also moving under its control would be R&D organizations in other Departments, such as the National Bureau of Standards in the Commerce Department.

In addition, the legislation would spell out a national science policy and create a government corporation that would ensure maximum use of scientific and technological information produced at public expense.

And it would authorize reestablishment of a Council of Advisers on Science and Technology in the White House, an office which was abolished early in the second Nixon Administration.

railroads will agree to operate some of the 15,000-plus miles of track recommended for retention in 17 states. Another is that states will help subsidize some 6,200 miles of unprofitable tracks or agree to their abandonment.

The preliminary plan calls for a three-railroad system. A quasi-governmental Consolidated Rail Corp. would operate the Penn Central and seven other bankrupt lines. The Norfolk and Western would take over part of one of these lines, the Erie Lackawanna. And the Chessie would take over part of another, the Reading. Not included in the plan is the troubled Chicago, Rock Island & Pacific, which has filed for bankruptcy.



## Teaching Young People to Understand Business

Banker Dave Parlo was outraged at what he considered a competitor's serious breach of ethics.

"They stole our idea," he complained.

Dave was president of the new Bank of Poohville, which had offered free cupcakes to customers for opening accounts. Business was so good that a rival group started the Poohville National Bank with an offer of not only cupcakes but milk and balloons as well.

While Poohville was a make-believe community of sixth graders in a West Los Angeles public school, the lessons these bank executives and their customers learned about the business world were very real.

They were participants in a project developed by the University of California (Los Angeles) Center for Economic Education, in which pupils in grades three through six set up and operate a mini-economic system.

That program is just one example of the increasing activity to deal with economic illiteracy, a condition that has long caused serious problems for business.

Much of the antibusiness legislation compounding throughout government today, and antibusiness attitudes reflected in various public polls, result from widespread misunderstanding of just what our business system can do, what it can't do, and what happens if that distinction is ignored.

The Chamber of Commerce of the United States has several highly effective programs in the field of economic education. The purpose is to show our youth the benefits of the private enterprise system.

Now the National Chamber has launched a new project—"Economics for Young Americans"—to provide high schools and junior colleges with instructional kits for studies in four broad areas. The areas are: Money Matters, The Promise of Productivity, Business Means Business About Ecology, and Profits at Work.

Businessmen are being asked to underwrite the cost of putting the kits into classrooms on a county-wide or state-wide basis.

Supporting such efforts to promote the truth about business is a sound investment for the future.



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